

SOCIALISM

**The Only Practical
Alternative to
Contemporary
Capitalism**

Tatah Mentan

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Tatah Mentan, Minnesota, USA, May 2012.

Preface

An ideology based on inequality, injustice, exploitation, militarism, and imperial wars eventually self-destructs or gets pushed. Growing evidence in America and Europe shows systemic unaddressed problems too grave to ignore. They remain so despite millions without jobs, savings, homes or futures. Imagine nations governed by leaders letting crisis conditions fester. Imagine voters re-electing them despite demanding change. One day, perhaps, rage will replace apathy in America and around the world. The latest loss of jobs report alone provides incentive enough to rise against it.

On May 4, 2012, the Labour Department reported 115,000 new jobs in America. It had overstated the true number. Official figures belie the dire state of things. At most, two-thirds the headline total were created. Even that's in doubt. Most were low-pay, part-time, or temp positions with few or no benefits. Decades ago, workers would have avoided them in America. Today, there's no choice. The report also showed economic decline. Expect much worse ahead. In 2008, Main Street Americans experienced Depression. It rages today. Poverty's at record levels. Real unemployment approaches 1930s numbers. Dire conditions are worsening. Announced job cuts are increasing. Hiring plans are down. Compared to year ago levels, they're off 80%. Income is stagnant for those lucky to have work. The private diffusion index measuring growth fell sharply month-over-month. The unemployment rate decline reflects discouraged workers dropping out. They want jobs but can't find them. The Labour Department considers them non-persons. They're not counted to make official figures look better.

Moreover, the broad based Household Survey showed employment dropping 169,000. It was the second consecutive monthly decline. The Labour Department uses a "population and payroll concept adjusted" calculation. Doing so tries to compare monthly payroll and household figures. The measure plunged

495,000 in April after dropping 418,000 in March. The calculation represented the largest back-to-back decline since late 2009.

At 63.6%, America's labour force hit its lowest level since September 1981. Since then, population totals grew from 229 million to about 312 million today. The state of the nation today reflects lots of people facing few jobs, and no policy to create them. The employment/population ratio stands at 58.4%. Alone, it represents a shocking testimony to failure. So do other data. Long-term unemployment remains near record levels. Credit deleveraging continues. Housing's in its worst ever depression. Prices keep falling. Inventories of unsold homes are huge. Foreclosures are at epidemic levels. State and local downsizing continues. Personal income suffers. Conditions are bad and worsening. The situation is worse elsewhere. Why? Predatory capitalism has failed mankind.

Neoliberal globalization or contemporary capitalism (Mentan2012), which began after World War II and has expanded exponentially since the 1980s, has produced dramatic inequality between and within nations, fostered continuing militarism, and contributed the lion's share to the looming crisis of climate change. The very idea of somehow combating what appeared to be an irresistible force has been a daunting enterprise, to say the least. Until now it is clear that neoliberal globalization does not serve the needs of a majority of the world's population, and, as economic metapolicy, is simply not sustainable. The question of combating globalization is rapidly becoming the question of what will follow the meltdown of the neoliberal global economic system.

The purpose of this book therefore is to add some proposals for organization in Socialism to its basis of common ownership, democratic control and production solely for needs as a strategy of combating the rapacious globalization. The fact of the matter is that the ravages of contemporary world capitalism have continued unhindered unleashing death, hunger and avoidable disease among mankind. The market system continues to feed on its diet of misery. Now in a phase of world slump, it prevents society using its powers to solve problems. Around the planet, violence also continues with

fratricidal wars with their cocktail of teeming masses of refugees and dismembered families.

Even in Russia and Eastern Europe, where greater political freedoms now exist, the collapse of state capitalist regimes has brought only the chaos of an economic free-for-all in which workers will continue to be exploited. None of these events comes as a surprise to socialists. Again we emphasize that nothing short of the abolition of capitalism and its replacement by world socialism can solve the problems facing the overwhelming majority of the world's population.

Is Marxism Dead?

Every so often—usually after a period of economic instability and crisis that has given way to stabilization and growth, some talking head comes along and declares that Marxism is dead and capitalism is the final form of human fulfilment. As the late socialist author Daniel Singer (2002: xxvi) aptly put it, “The purpose of our pundits and preachers is to doom as impossible a radical, fundamental transformation of existing society”.

The most common theme is that socialism has failed to make inroads, especially in the United States, due to the prosperity and social mobility that even the lowliest members of society can experience. “On the reefs of roast beef and apple pie,” wrote the German writer Werner Sombart in his famous 1906 book, *Why Is There No Socialism in the United States?* “socialistic Utopias of every sort are sent to their doom” (1962: 277). The Depression years of the 1930s made these ideas harder to swallow, but variations on the argument were dusted off and refurbished during the economic boom after the Second World War. Daniel Bell’s *The End of Ideology* told us that post-war Western prosperity and the rise of Stalinism signalled “the exhaustion of the nineteenth century ideologies, particularly Marxism, as intellectual systems that could claim truth for their views of the world” (Ibid: 16).

Writers on the left, too, like German-American radical philosopher Herbert Marcuse (1972), could ask, “Why should the

overthrow of the existing order be of vital necessity for people who own, or can hope to own, good clothes, a well-stocked larder, a TV set, a car, a house and so on, all within the existing order?”. For Marcuse (2005), whose ideas were typical of a whole generation of post-Second World War left-wing thinkers, working-class struggle was no longer the connecting link between our society and a future socialist society. Workers were either bought off or simply so enmeshed in capitalism, and unable to see beyond it, that they were now part of the problem rather than the solution.

The mass general strike of 10 million French workers in May 1968 offered strong evidence to the contrary, as did a whole period of working-class and student rebellion that spanned the globe in the late 1960s and early 1970s. Poland’s *Solidarnosc* in 1980 and the major role played by Black workers in the downfall of apartheid South Africa are two other examples. But those movements receded and capitalism found its footing again, utilizing a period of economic crisis to begin an assault on working-class living standards that has continued unrelentingly to this day. Ideologists once again sprang forward to justify capitalism in its most naked, brutal, “free market” form.

Then came the collapse of the bureaucratic regimes in Russia and Eastern Europe in 1989-1993. We were told then that the “free market” and liberal democracy had triumphed over “totalitarian” systems like fascism and communism. Historian Francis Fukuyama (1992) came forward and argued that society had indeed evolved, as Marx argued, from lower to higher forms of human social organization. However, instead of that evolutionary process leading to socialism, Fukuyama argued, liberal free market capitalism constituted the “end point of mankind’s ideological evolution,” and the “final form of human government”; as such, it constituted the “end of history”. In a flush of exuberance, Western pundits waxed lyrically about a new era of endless peace and prosperity. But if this was the end of history, it didn’t seem things were ending all that well.

Instead, we entered a world of incessant war, where the United States, as the world’s sole superpower, felt free to throw its military weight around, and, she did; a world of growing disparities between

rich and poor (even in the midst of the economic growth of the 1990s); and a world-as we moved into the twenty-first century-of economic and social instability. It was a world in which the much-touted benefits of free trade and “globalization” dramatically enriched a very few but left tens of millions in ever-worsening conditions. In short, it seemed like we had returned to the days of the robber barons and sweated labour of the late nineteenth century, only on a more colossally destructive, global scale. The obscenity of capitalism today is expressed in a few simple facts:

The assets of the world’s top three billionaires are greater than those of the poorest 600 million people on the planet (1999: 3).

- Globally, there are seventy thousand people who possess more than \$30 million in financial assets-enough to fill a large sports stadium. Half of the world’s 587 billionaires (enough to fill a large disco) are Americans, whose wealth increased collectively by \$500 billion in 2003 alone. They possess the same amount of wealth as the combined gross domestic product of the world’s poorest 170 countries combined as reported by Jane Chapman, “Forbes Report: Billionaires’ Wealth Grew by 36 Percent in Last Year,” March 9, 2004, World Socialist Web site.

- More than a third of the world’s people-2.8 billion-live on less than two dollars a day.

- 1.2 billion people live on less than one dollar a day as spelled out in the *United Nations Human Development Report 2003: Millennium Development Goals* (New York: Oxford University Press, 2003), 5.

The statistics for the United States reveal a society that is certainly rich-but only for a minority:

- The average compensation in 2004 for the CEOs of the top 367 U.S. companies was \$11.8 million, up from \$8.1 million in 2003. On average, CEOs in 2004 made 431 times what a production worker made, up from a 107:1 ratio in 1990 and a 42:1 ratio in 1982 presented by Sara Anderson et al., *Executive Excess 2005: Defence Contractors Get More Bucks for the Bang*, 12th Annual CEO Compensation Survey for the Institute for Policy Studies, August 30, 2005, 13. Available at

<http://www.faireconomy.org/press/2005/EE2005.pdf> (accessed August 1, 2006).

- CEO pay has increased by 300 percent over the last fifteen years, whereas wages have increased in the same period by only 5 percent (and minimum wage workers have seen their pay fall 6 percent). If wages had kept up with the percentage increase in CEO pay, in 2004 the average pay for production workers would have been \$110,136, instead of \$27,460(Ibid.:14-15).

- The top 20 percent of American households control 83 percent of the nation's wealth, while the bottom 80 percent of Americans control only about 17 percent of the nation's wealth as demonstrated by Americans for Democratic Action, "Income and Inequality: Millions Left Behind," report, February 2004, 5. Available at <http://www.adaction.org/Income2004.htm> (accessed August 1, 2006).

- A total of 34.6 million Americans in 2002-12.1 percent of the population-lived below the official poverty line (which is set absurdly low), and 8.5 million of them had jobs. Overall, Black poverty is double that of whites Ibid.).

Poverty is always horrible. It only becomes an obscenity when the material means exist to eliminate it, yet it persists. But the priorities of world capitalism are such that the two things-unimaginable wealth and great misery-exist side by side. The priorities of capitalism are starkly revealed by the fact that the per capita income in sub-Saharan Africa is \$490, whereas the per capita subsidy for European cows is \$913 as found in the *Human Development Report 2003*: 155. These obscenities make the case, if not for Marx and Marxism, then at the very least for some project to change the world.

That is why, try as the pundits may to bury him, Marx keeps resurfacing. His ideas are alive because his indictment of capitalism-though first penned in the 1840s-is still confirmed on a daily basis. As the misery worsens, the glaring class divisions give rise to what Marx had argued was the motor of historical change-the class struggle. Everywhere around the world, the working class (called the "proletariat" in Marx's day)-those whose labour produces society's

abundant wealth in exchange for a pittance-continues to organize, demonstrate, strike, and resist in various ways.

Marx not only exposed the ills of society-many had done so before him-but he revealed how capitalism developed, how it went into crisis, and how it would meet its end. At Marx's grave site in 1883, Marx's friend and lifelong collaborator, Frederick Engels, said that Marx "discovered the special law of motion governing the present-day capitalist mode of production." Even Marx's critics sometimes acknowledge that he had brilliant insights into the nature of capitalism. But, Engels (1989:468) continued,

Marx was before all else a revolutionist. His real mission in life was to contribute, in one way or another, to the overthrow of capitalist society and of the state institutions which it had brought into being, to contribute to the liberation of the modern proletariat, which he was the first to make conscious of its own position and its needs, conscious of the conditions of its emancipation.

Of course, much has changed since Marx's day. But the essence of capitalism-the exploitation of the many by the few for profit-remains, and wreaks its damage on an ever-expanding scale. The insane anarchy of a world market that can produce enough food to feed everyone, but fails to feed the 6 million children who die every year from malnutrition(2005:20), remains with us. The unplanned character of capitalist production, with its incessant drive for profit, has created an environmental crisis that threatens the earth's inhabitants like a runaway train threatens its passengers. Indeed, many of the trends described by Marx and Engels-the creation of an increasingly interdependent world market; the system's tendency toward periodic economic crises; increasing productivity and wealth on one side and poverty on the other; the concentration and centralization of capital and the growth of monopolies-give their writings an almost prophetic air.

The task today, set out so long ago by Marx and Engels, also remains the same-to replace competition with association, to build a

society in which all wealth is produced and held by its producers in common, and distributed according to human need rather than profit. “In place of the old bourgeois society, with its classes and class antagonisms,” wrote Marx and Engels in the *Communist Manifesto*, “we shall have an association in which the free development of each is the condition for the free development of all” (2005:72). Only in such a society can humankind develop its full creative capacities, using our scientific knowledge to enhance lives rather than destroy them.

Moreover, those who loudly applauded the fall of Stalinism left out one important factor: the death of what passed for communism in the East-but what was in reality bureaucratic, state capitalism-paved the way for people to rediscover the real Marxist tradition hidden behind years of distortion in both the East and the West during the Cold War era. It is the tradition of working-class self-emancipation. Far from being dead, therefore, Marxism is experiencing a rebirth. Marxist ideas remain crucial to our understanding of the world today and the task of changing it.

There is, of course, no substitute for reading Marx and Engels, or the great revolutionary socialists who followed them, such as Rosa Luxemburg, Vladimir Lenin, and Leon Trotsky. I’ve read and reread works such as Marx’s *Civil War in France*, Engels’ *Socialism: Utopian and Scientific*, Rosa Luxemburg’s *Reform or Revolution*, Trotsky’s *Lessons of October*, and Lenin’s *State and Revolution*, among many others, and each time I reread them I learn something new in light of fresh experiences.

But as Lenin (Ibid.) said in a postscript to *State and Revolution*, “It is more pleasant and useful to go through the ‘experience of revolution’ than to write about it”. Marx and Engels, like Lenin, were not armchair thinkers. First and foremost, they were revolutionaries who fought for a world free of oppression and exploitation. But they understood that to change the world, it is necessary to understand how that world works, and to learn from past struggles the effective levers for its transformation.

Given a rapid growth in the World Socialist Movement, a shared world of unity, organized solely for our needs, could soon be

achieved. I therefore urge readers who agree with the aims of this book to join me in the work of organizing for socialism. Part of this is to discuss the practical ways in which a sane world based on social equality and cooperation can operate. It is as part of this debate that this book makes a contribution.

Foreword

As the “crisis of global capitalism” spirals out of control, the powers that be in the global system appear to be adrift and unable to propose viable solutions. From the slaughter of dozens of young protesters by the army in Egypt to the brutal repression of the Occupy movement in the United States, and the water cannons brandished by the militarized police in Chile against students and workers, states and ruling classes are unable to hold back the tide of worldwide popular rebellion and must resort to ever more generalized repression. Simply put, the immense structural inequalities of the global political economy can no longer be contained through consensual mechanisms of social control. The ruling classes have lost legitimacy; we are witnessing a breakdown of ruling-class hegemony on a world scale.

To understand what is happening in this second decade of the new century we need to see the big picture in historic and structural context. Global capitalist classes had hoped and expected that the “Great Depression” that began with the mortgage crisis and the collapse of the global financial system in 2008 would be a cyclical downturn that could be resolved through state-sponsored bailouts and stimulus packages. But it has become clear that this is a structural crisis. Cyclical crises are on-going episodes in the capitalist system, occurring and about once a decade and usually last 18 months to two years. There were world recessions in the early 1980s, the early 1990s, and the early 21st century.

Structural crises are deeper; their resolution requires a fundamental restructuring of the system. Earlier world structural crises of the 1890s, the 1930s and the 1970s were resolved through a reorganization of the system that produced new models of capitalism. “Resolved” does not mean that the problems faced by a majority of humanity under capitalism were resolved but that the reorganization of the capitalist system in each case overcame the constraints to a resumption of capital accumulation on a world scale. The crisis of the

1890s was resolved in the cores of world capitalism through the export of capital and a new round of imperialist expansion. The Great Depression of the 1930s was resolved through the turn to variants of social democracy in both the North and the South - welfare, populist, or developmentalist capitalism that involved redistribution, the creation of public sectors, and state regulation of the market.

Globalization and the current structural crisis

To understand the current conjuncture we need to go back to the 1970s. The globalization stage of world capitalism we in which we are now itself evolved out of the response of distinct agents to these previous episodes of crisis, in particular, to the 1970s crisis of social democracy, or more technically stated, of Fordism-Keynesianism, or of redistributive capitalism. In the wake of that crisis capital went global as a strategy of the emergent Transnational Capitalist Class and its political representatives to reconstitute its class power by breaking free of nation-state constraints to accumulation. These constraints - the so-called “class compromise” - had been imposed on capital through decades of mass struggles around the world by nationally-contained popular and working classes. During the 1980s and 1990s, however, globally-oriented elites captured state power in most countries around the world and utilized that power to push capitalist globalization through the neo-liberal model.

Globalization and neo-liberal policies opened up vast new opportunities for transnational accumulation in the 1980s and 1990s. The revolution in computer and information technology and other technological advances helped emergent transnational capital to achieve major gains in productivity and to restructure, “flexibilise,” and shed labour worldwide. This technological revolution, in turn, undercut wages and the social wage and facilitated a transfer of income to capital and to high consumption sectors around the world that provided new market segments fuelling growth. In sum, globalization made possible a major extensive and intensive expansion of the system and unleashed a frenzied new round of

accumulation worldwide that offset the 1970s' crisis of declining profits and investment opportunities.

However, the neo-liberal model has also resulted in an unprecedented worldwide social polarization. Fierce social and class struggles worldwide were able in the 20th century to impose a measure of social control over capital. Popular classes, to varying degrees, were able to force the system to link what we call social reproduction to capital accumulation. What has taken place through globalization is the severing of the logic of accumulation from that of social reproduction, resulting in an unprecedented growth of social inequality and intensified crises of survival for billions of people around the world.

The pauperizing effects unleashed by globalization have generated social conflicts and political crises that the system is now finding it more and more difficult to contain. The slogan "we are the 99 per cent" grows out of the reality that global inequalities and pauperization have intensified enormously since capitalist globalization took off in the 1980s. Broad swaths of humanity have experienced absolute downward mobility in recent decades. Even the IMF was forced to admit in a 2000 report that "in recent decades, nearly one-fifth of the world's population has regressed. This is arguably one of the greatest economic failures of the 20th century".

Global social polarization intensifies the chronic problem of over-accumulation. This refers to the concentration of wealth in fewer and fewer hands, so that the global market is unable to absorb world output and the system stagnates. Transnational capitalists find it more and more difficult to unload their bloated and expanding mass of surplus - they can't find outlets to invest their money in order to generate new profits; hence the system enters into recession or worse. In recent years, the Transnational Capitalist Class has turned to militarized accumulation, to wild financial speculation, and to the raiding or sacking of public finance to sustain profit-making in the face of over-accumulation.

While transnational capital's offensive against the global working and popular classes dates back to the crisis of the 1970s and has grown in intensity ever since, the Great Recession of 2008 was in

several respects a major turning point. In particular, as the crisis spread it generated the conditions for new rounds of brutal austerity worldwide, greater flexibilization of labour, steeply rising under-and un-employment, and so on. Transnational finance capital and its political agents utilized the global crisis to impose brutal austerity and attempt to dismantle what is left of welfare systems and social states in Europe, North America, and elsewhere, to squeeze more value out of labour, directly through more intensified exploitation and indirectly through state finances. Social and political conflict has escalated around the world in the wake of 2008.

Nonetheless, the system has been unable to recover; it is sinking deeper into chaos. Global elites cannot manage the explosive contradictions. Is the neo-liberal model of capitalism entering a terminal stage? It is crucial to understand that neo-liberalism is but one model of global capitalism; to say that neo-liberalism may be in terminal crisis is not to say that global capitalism is in terminal crisis. Is it possible that the system will respond to crisis and mass rebellion through a new restructuring that leads to some different model of world capitalism - perhaps a global Keynesianism involving transnational redistribution and transnational regulation of finance capital? Will rebellious forces from below be co-opted into some new reformed capitalist order?

Or are we headed towards a *systemic* crisis? A systemic crisis is one in which the solution involves the end of the system itself, either through its supersession and the creation of an entirely new system, or more ominously the collapse of the system. Whether or not a structural crisis becomes systemic depends on how distinct social and class forces respond—to the political projects they put forward and as well as to factors of contingency that cannot be predicted in advance, and to objective conditions. It is impossible at this time to predict the outcome of the crisis. However, a few things are clear in the current world conjuncture.

The current moment

First, this crisis shares a number of aspects with earlier structural crises of the 1930s and the 1970s, but there are also several features unique to the present:

- The system is fast reaching the ecological limits of its reproduction. We face the real spectre of resource depletion and environmental catastrophes that threaten a system collapse.

- The magnitude of the means of violence and social control is unprecedented. Computerized wars, drones, bunker-buster bombs, star wars, and so forth, have changed the face of warfare. Warfare has become normalized and sanitized for those not directly at the receiving end of armed aggression. Also unprecedented is the concentration of control over the mass media, the production of symbols, images and messages in the hands of transnational capital. We have arrived at the society of panoptical surveillance and Orwellian thought control.

- We are reaching the limits to the extensive expansion of capitalism, in the sense that there are no longer any new territories of significance that can be integrated into world capitalism. De-ruralization is now well-advanced, and the commodification of the countryside and of pre- and non-capitalist spaces has intensified, that is, converted in hot-house fashion into spaces of capital, so that intensive expansion is reaching depths never before seen. Like riding a bicycle, the capitalist system needs to continuously expand or else it collapses. Where can the system now expand?

- There is the rise of a vast surplus population inhabiting a planet of slums, alienated from the productive economy, thrown into the margins, and subject to sophisticated systems of social control and to crises of survival - to a mortal cycle of dispossession-exploitation-exclusion. This raises in new ways the dangers of a 21st-century fascism and new episodes of genocide to contain the mass of surplus humanity and their real or potential rebellion.

- There is a disjuncture between a globalizing economy and a nation-state based system of political authority. Transnational state

apparatuses are incipient and have not been able to play the role of what social scientists refer to as a “hegemon”, or a leading nation-state that has enough power and authority to organise and stabilise the system. Nation-states cannot control the howling gales of a runaway global economy; states face expanding crises of political legitimacy.

Second, global elites are unable to come up with solutions. They appear to be politically bankrupt and impotent to steer the course of events unfolding before them. They have exhibited bickering and division at the G-8, G-20 and other forums, seemingly paralyzed, and certainly unwilling to challenge the power and prerogative of transnational finance capital, the hegemonic fraction of capital on a world scale, and the most rapacious and destabilizing fraction. While national and transnational state apparatuses fail to intervene to impose regulations on global finance capital, they *have* intervened to impose the costs of the crisis on labour. The budgetary and fiscal crises that supposedly justify spending cuts and austerity are contrived. They are a consequence of the unwillingness or inability of states to challenge capital and their disposition to transfer the burden of the crisis to working and popular classes.

Third, there will be no quick outcome of the mounting global chaos. We are in for a period of major conflicts and great upheavals. As I mentioned above, one danger is a neo-fascist response to contain the crisis. We are facing a war of capital against all. Three sectors of transnational capital in particular stand out as the most aggressive and prone to seek neo-fascist political arrangements to force forward accumulation as this crisis continues: speculative financial capital, the military-industrial-security complex, and the extractive and energy sector. Capital accumulation in the military-industrial-security complex depends on endless conflicts and war, including the so-called wars on terrorism and on drugs, as well as on the militarization of social control. Transnational finance capital depends on taking control of state finances and imposing debt and austerity on the masses, which in turn can only be achieved through escalating repression. And extractive industries depend on new

rounds of violent dispossession and environmental degradation around the world.

Fourth, popular forces worldwide have moved quicker than anyone could imagine from the defensive to the offensive. The initiative clearly passed this year, 2011, from the transnational elite to popular forces from below. The juggernaut of capitalist globalization in the 1980s and 1990s had reverted the correlation of social and class forces worldwide in favour of transnational capital. Although resistance continued around the world, popular forces from below found themselves disoriented and fragmented in those decades, pushed on to the defensive in the heyday of neo-liberalism. Then the events of September 11, 2001, allowed the transnational elite, under the leadership of the US state, to sustain its offensive by militarizing world politics and extending systems of repressive social control in the name of “combating terrorism”.

Now all this has changed. The global revolt underway has shifted the whole political landscape and the terms of the discourse. Global elites are confused, reactive, and sinking into the quagmire of their own making. It is noteworthy that those struggling around the world have been shown a strong sense of solidarity and are in communications across whole continents. Just as the Egyptian uprising inspired the US Occupy movement, the latter has been an inspiration for a new round of mass struggle in Egypt. What remains is to extend transnational coordination and move towards transnationally-coordinated programs. On the other hand, the “empire of global capital” is definitely *not* a “paper tiger”. As global elites regroup and assess the new conjuncture and the threat of mass global revolution, they will—and have already begun to—organize coordinated mass repression, new wars and interventions, and mechanisms and projects of co-optation in their efforts to restore hegemony. In fact, the only viable solution to the crisis of global capitalism is a massive redistribution of wealth and power downward towards the poor majority of humanity along the lines of a 21st-century democratic socialism in which humanity is no longer at war with itself and with nature.

Socialism in the Era of Globalization

Globalization, as the present phase of world capitalist development is known, is a development that can be understood mainly on the basis of the internal laws and the dynamics of the functioning of the capitalist economic system. Karl Marx, in his seminal work *Das Kapital*, had shown us that as capitalism develops, it leads to the concentration and centralization of capital in a few hands. As a result of this law, huge amounts of capital get accumulated. This, in turn, needs to be deployed to earn profits, which is the *raison d'être* of the system. Towards the end of the 20th century, more specifically in the decade of the eighties, this process of centralization led to gigantic levels of accumulation of capital. The beginning of the nineties saw the internationalization of finance capital which had grown in colossal leaps. In 1993, the global stock of principle derivatives was estimated to be over \$20 trillion. Subsequently, this globally mobile finance capital had acquired unprecedented dimensions. Currently, the turnover in the global financial transactions is estimated to be over \$400 trillion, or, nearly 60 times the annual global trade in goods and services estimated to be around \$ 7 trillion. This huge accumulated finance capital required absolutely no restrictions on its global movement in search of predatory speculative profits.

Simultaneously, the huge accumulation of capital taking place with the multinational corporations, the assets of some of whom outstrip the combined GDPs of many developing countries, also created conditions which required the removal of all restrictions on the movement of this industrial capital in search of super profits. Similar pressures also developed for the removal of all trade barriers and tariff protection. Thus, the laws of capitalist development by themselves created the objective conditions for the current phase of globalization whose essential purpose is to break down all barriers for the movement of capital and to dovetail the economies of the developing countries to the super profit earning drive of multinational corporations. This is sought to be achieved by the global trio: viz, the IMF, the World Bank and the WTO. The

objective that clearly emerges is one of seeking the economic decolonization of the developing countries or the Third World. As this process of globalization was underway came the collapse of the former Soviet Union and some of the socialist countries in Eastern Europe. While it is a matter of a separate discussion to examine whether the process of globalization and the collapse of the Soviet Union were merely coincidental, or, are related in some manner, it is sufficient for us to note here that this convergence at the beginning of the decade of the nineties set in motion a renewed aggressiveness by the remaining superpower, the USA. The visions of a “new world order” under the US leadership unfolded. The efforts to impose a comprehensive US hegemony on all global matters were unleashed.

The natural tendency in the post-Cold War bipolar international situation was the movement towards multi-polarity. This is sought to be short-circuited by the USA and in its place create a world of uni-polarity under its tutelage. These efforts have been intensified further following the September 11, 2001 terrorist attacks in the United States. The “war against terrorism” has today been replaced with the Cold War imperialist slogan of “war against Communism” as the excuse and pretext to militarily intervene in sovereign independent countries to advance US hegemonic interests. Thus, under globalization, what we are witnessing today is an effort towards the economic recolonization of the Third World and simultaneously a world that is sought to be dictated and ruled upon by US-led imperialism. While these are the objectives that imperialism seeks to achieve, certain other features of globalization need to be noted. These are important to underline the fact that for the bulk of humanity, globalization means nothing else, but greater misery and exploitation. First, globalization is accompanied by the utilization of vastly growing scientific and technological advances not for the benefit of the vast masses of humanity but for strengthening the rapacious plunder for greater profits for the few. The nature of contemporary capitalist development increasingly is based on such advances which permit constant replacement of human beings by machines. The net result is, while moderate growth is achieved, done

without generating employment and, in fact, reducing its future potential. This is the phenomenon of “jobless growth”.

According to the International Labour Organization, while 12 crore people were officially registered as unemployed at the turn of the century, there were an additional 70 crore who were underemployed. In addition, 130 crore people live in absolute poverty earning less than \$1 a day. While 300 crore people, in addition, live on less than \$2 a day. Secondly, this phase of globalization is accompanied by sharp widening of inequalities. This is true for both between the developed and the developing countries and between the rich and the poor in all countries. This is starkly illustrated by the fact that the combined assets of 358 billionaires in the world is greater than the combined annual GDP of countries constituting 45 per cent of the world’s population, or, 230 crore people. The share of the poorest 20 per cent in the world’s population is less than one per cent down from 1.4 per cent in 1991. Such large-scale impoverishment of the vast majority of the world’s people means the shrinkage of their capacity to be consumers of the products that this globalized economy produces. This renders the entire process of globalization to be simply unsustainable. This is the third feature. The enormous growth of the mobility of international finance capital had created illusions that this was a balloon that could be inflated to infinity. Burst it did, shattering many illusions created by this “virtual wealth”.

All the stock markets in the world, including the fancied Nasdaq, suffered major collapses by the middle of 2001. This was before September 11th, and hence, it would be only a deliberate effort to try and link the current global recession to the terrorist attacks. If anything, the “war against terrorism”, has to some extent bolstered public investment, particularly in the armament industry given the aggressive US hegemonic drive. The unsustainability of the present phase of globalization began to be noted when major financial crisis shattered the so-called Asian Tigers. This later spread to many countries leading towards a major world economic recession from early 2001. The OECD, comprising the world’s richest 30 countries, grew at a mere one per cent, both in 2001 and 2002. The global

economy is predicted to grow by not more than 2.4 per cent compared to 4.2 per cent in 2000. The striking feature of the current global recession is the fact that all the three major capitalist centres are in the grip of a severe crisis.

In the USA, the growth rate of the economy fell by more than half since the recession set in, i.e., between 2000 and September 2001. In the European Union, it fell from 3.4 per cent to 1.9 per cent and in Japan for the year 2001, it fell from 1.8 per cent to -0.5 per cent. As a result, the pre-tax corporate profits of all non-financial firms put together fell by 26 per cent in the USA during this period—the sharpest decline since the great depression.

Apart from Enron, 352 publicly traded US companies folded up in 2001. In 2002, nearly 1,400 companies are at high risk. These include companies such as Ford and Xerox. It is estimated that over 1.4 million people have lost their jobs so far in the USA. Similarly, in the 12 nations of the European Union, the industrial production had fallen by 4.1 per cent. Unemployment had already reached 8.4 per cent and was headed for double digits. For every dollar of the GDP, these countries together have piled up \$ 1.82 in public and private debt. Japan, the world's second largest economy, is virtually at a stage of collapse. Its debts are staggering—\$ 7.5 trillion or 2.4 times their GDP. Of this, the government debt alone is 1.3 times the GDP.

The recession has set in the process of deflation where consumer prices are coming down virtually non-stop, bankruptcies reaching to 18,000 per month, the worst in 17 years and unemployment was the highest in 55 years. The only way imperialism seeks to sustain this unsustainable exploitative order is by intensifying its political and military hegemony. The burdens of the economic crisis will surely be shifted to the people who are already groaning under the globalization onslaught. In this context, it is pertinent to recollect what Marx had said in the *Das Kapital*. “With adequate profit, capital is very bold. A certain 10 per cent will ensure its employment anywhere; 20 per cent certain will produce eagerness; 50 per cent positive audacity; 100 per cent will make it ready to trample on all human laws; and 300 per cent and there is not a crime at which it will scruple, nor a risk it will not run, even to the chance of its owner

being hanged.” Thus, what awaits humanity is a fresh wave of assaults and onslaughts. Unless of course, the people’s movement against globalization, which has been rapidly growing in recent years, attains levels that can halt and reverse this process. But that can be possible only if an alternative to the capitalist system emerges as the objective to achieve freedom and liberty. History has repeatedly shown that no amount of reform within the capitalist system can eliminate exploitation which is inherent in the very production process of the system. An alternative socio-economic political system has to be put in place and that can only be socialism.

Humanity, thus, has a choice. As Rosa Luxembourg many decades ago and Fidel Castro today put it: **this is a choice between either socialism or barbarism.** Thus, notwithstanding the ideological offences that continue to parrot the so-called invincibility and eternity of capitalism, (of the Francis Fukuyama variety) its global economy is on the verge of a serious crisis and imperialism has embarked on a hegemonic drive to enslave the majority of the world’s people. However, the success of the struggle for socialism while depending merely on the strength of the popular mass movements will also have to learn lessons from the past experiences and adapt to the changing situations. It is necessary, therefore, in order to strengthen this struggle to make a brief analysis of the experiences of 70 years of socialism in the USSR and to evaluate the current experiences of socialist China.

Socialism in the 20th Century

The creation of the Soviet Union marked the first advance in human history of the establishment of a society free from class exploitation. The rapid strides made by socialism, the transformation of a once backward economy into a mighty economic and military bulwark confronting imperialism had confirmed the superiority of the socialist system. The building of socialism in the Soviet Union is an epic saga of human endeavour. This remains a source of inspiration to all peoples of the world who are in the midst of struggle for social emancipation. The decisive role played by the

USSR in the defeat of fascism and the consequent emergence of the East European socialist countries had a profound impact on world developments.

The victory over fascism provided the decisive impetus to the process of decolonialization that saw the liberation of countries from colonial exploitation. The historical triumph for the Chinese revolution, the heroic Vietnamese people's struggle, the Korean people's struggle and the triumph of the Cuban revolution made a tremendous influence on world developments. The achievements of the socialist countries—the eradication of poverty and illiteracy, the elimination of unemployment, the vast network of social security in the fields of education, health, housing, etc.—provided a powerful impetus to the working people all over the world in their struggles. World capitalism met this challenge to its order, partly by adopting welfare measures and granting rights that it never conceded to the working people before. The entire conception of a welfare state and the social security network created in the post-second world war capitalist countries was a result of the struggles of the working people in these countries inspired by the achievements of socialism. The democratic rights that are today considered as inalienable from human civilization are also the product of the people's struggle for social transformation and not the charity of bourgeois class rule. These revolutionary transformations brought about qualitative leaps in human civilization and left an indelible imprint on modern civilization. This was reflected in all fields of culture, aesthetics, science, etc. While Eisenstein revolutionized cinematography, the *sputnik* expanded the frontiers of modern science to outer space. The panicky American response to Yuri Gagarin's flight into space in 1959, came in the form of President Kennedy's assurance to the US Senate that within a decade they would put a man on the moon. The US succeeded in doing this only in 1969 working overtime for a full decade. In the meanwhile, the USSR carried out many a space mission, including sending the dog Lyka.

Reverses to Socialism

Yet, despite such tremendous advances, that too under the most exacting of circumstances and hostile environment, why is it that the mighty USSR could not consolidate and sustain the socialist order? There were, generally speaking, two areas where wrong understanding and consequent errors were committed. The first pertains to the nature of assessments of contemporary world realities and about the very concept of socialism. The second concerns the practical problems confronted during the period of socialist construction.

a. Incorrect Estimations

Despite the unprecedented and path-breaking advances made by socialism in the 20th century, it must be borne in mind that all socialist revolutions barring the few (not all) in East Europe took place in relatively backward capitalistically developed countries. While this vindicated the Leninist understanding of breaking the imperialist chain at its weakest link, it nevertheless permitted world capitalism to retain its hold over the developed productive forces and, hence, also the potential for its future development. The socialist countries removed one-third of the world market from capitalism. This, however, did not directly affect either the levels of advances already made by world capitalism in developing the productive forces, or in capitalism's capacity to further develop the productive forces on the basis of scientific and technological advances. This permitted world capitalism to overcome the setbacks caused by socialist revolutions to develop the productive forces and further expand the capitalist market. Given the existing correlation of class forces internationally, imperialism achieved the expansion of the capitalist market through neo-colonialism.

On the other hand, given the pace and qualitatively higher advances made by socialism in a relatively short span (recall that the Soviet Union came to match the might of the fascist military machine in less than a decade—what took capitalism 300 years was accomplished by socialism in 30!) led to a belief that such advances

were irreversible. The Leninist warning that the vanquished bourgeoisie will hit back with a force a hundred times stronger was not fully taken into account. The inevitability of capitalism's collapse is not an automatic process. Capitalism has to be overthrown. An erroneous estimation of its strength only blunts the need to constantly sharpen and strengthen the revolutionary ideological struggle of the working class and its decisive intervention under the leadership of a party wedded to Marxism-Leninism—the subjective factor without which no revolutionary transformation is possible.

Thus, the overestimation of the strength of socialism and the underestimation of the strength of capitalism did not permit an objective analysis and consequently the proper assessment of the emerging world situation. Further, socialism was perceived as a linear progression. Once socialism was achieved, it was erroneously thought that the future course was a straight line without any obstacles till the attainment of a classless, Communist society. Experience has also confirmed that socialism is the period of transition or, as Marx said, the first stage of the Communism—the period between a class-divided exploitative capitalist order and the classless Communist order. This period of transition, therefore, by definition implies, not the elimination of class conflicts but its intensification, with world capitalism trying to regain its lost territory. This period, therefore, was bound to be a protracted and complex one with many a twist and turn and many a zigzag. This was particularly so in these countries which were capitalistically backward at the time of the revolution.

The success or failure of the forces of world socialism in this struggle, at any point in time, is determined both by the success achieved in socialist construction and the international and internal correlation of class forces and their correct estimation. Incorrect estimations leading to an underestimation of the enemy both without and within the socialist countries and the overestimation of socialism had created a situation where the problems confronting the socialist countries were ignored as well as the advances and consolidation of world capitalism. Lenin had always reminded us that the living essence of dialectics is the concrete analysis of concrete conditions. If the analysis falters or the true appreciation of the actual situation is

faulty, then erroneous understandings and distortions surface. It is such distortions and, importantly, deviations from the revolutionary content of Marxism-Leninism in later years of the USSR, particularly after the 20th Congress of the CPSU along with the unresolved problems in the process of socialist construction that led to these reverses.

Major Shortcomings in Socialist Construction

In the process of socialist construction, there were essentially four areas where major shortcomings occurred. Before discussing these, it needs to be underlined, once again, that socialism was embarking on an uncharted path of human advance. There were no blueprints or any specific formulae. This reality also contributed in a large measure towards these shortcomings.

a. *Class character of the state* : The first of these areas is regarding the class character of the state under socialism. The dictatorship of the overwhelming majority over a minority of former exploiting classes, i.e., the dictatorship of the proletariat as opposed to the dictatorship of the bourgeoisie, which is that of a minority over the overwhelming majority, is the character of the state under socialism.

However, the forms of this class rule need to keep developing as socialism advances through various phases. The form necessary, say in a period of capitalist encirclement, or civil war, need not be the form, say in a period of post-second world war socialist consolidation in the Soviet Union. The theoretical elaboration of the different phases of the dictatorship of the proletariat and different forms of the socialist state, was made for the first time in the political report of the 18th Congress of the CPSU in 1939. Stalin deals in length on this issue in a section titled, “Questions of theory”. However, when such transformation of forms, whose changes represent the movement towards greater and larger participation of the people in the activities of the state, are not made at the appropriate time, the growing aspirations of people under socialism get stifled and this leads to alienation and discontent.

Further, the same form need not be applicable uniformly to all socialist countries. The form will be determined by the historical background and the concrete socio-economic conditions in those countries. Lenin had clearly stated in the *State and Revolution* that as the forms of bourgeois states are varied, the period of transition from capitalism to Communism “certainly cannot but yield a great abundance and variety of political forms”. But he goes on to underline that the forms may be different but the essence will inevitably be the dictatorship of the proletariat. “The forms of bourgeois states are extremely varied, but their essence is the same: all these states, whatever their form, in the final analysis are inevitably the dictatorship of the bourgeoisie.

The transition from capitalism to communism certainly cannot but yield a great abundance and variety of political forms, but the essence will inevitably be the same: the dictatorship of the proletariat”. The adoption of the Soviet form of state in the post-second world war socialist countries of Eastern Europe, hence, was a development that ignored the concrete socio-economic conditions and the historical background of these countries. For instance, Czechoslovakia had Communists elected to its Parliament in a multi-party system before the revolution. The prohibition of the multi-party system under socialism was seen by many as a regression. This contributed, as well, to the alienation of the people and growing discontent.

b. Socialist Democracy:

The second area where there were major shortcomings was that concerning socialist democracy. Democracy under socialism needs to be deeper and richer than under capitalism. While capitalism gives the formal democratic right, it does not provide to the vast majority of people the capacity to exercise it (under capitalism, everyone has a right to buy anything that is available but the majority do not have the capacity to exercise this right), socialism must provide both the right and the capacity to the people to exercise that right. However, in the process of socialist construction in many countries, two types of shortcomings occurred.

First, the dictatorship of the class over a period of time was replaced by the dictatorship of the vanguard of the class, i.e., the Party. This over time was replaced by the leadership of the Party. The socialist state which represents the entire class and working people got substituted by a small section in the Party. This led to a strange situation with the decisions, say, of the Party *Polit Bureau*, becoming enforceable on all citizens. This was done through a fiat instead of convincing the majority of the people who are not members of the Party through democratically decided state bodies like the Soviets. The Leninist principle of a Party decision being articulated in democratic people's forums and Party's leadership established through a democratic process with maximum people's participation was replaced, unfortunately, by *diktats*.

This, naturally, strengthened the sense of alienation amongst the people. Secondly, in the process of implementation of democratic centralism, inner-Party democracy, often, became a casualty while centralism became strengthened, as certain periods in the history of the USSR shows. This led to the growth of bureaucratism which is the very antithesis of democracy. Tendencies alien to socialism, such as, corruption and nepotism also surfaced. An example of this was the institutionalization of privileges to large sections of the leadership of the CPSU and other ruling Communist parties. In this process, the vitality of this revolutionary principle was robbed, alienating the Party from the masses and the Party ranks from the leadership. It must be noted that instead of correcting these distortions both in the area of the class character of the state under socialism and socialist democracy, the Gorbachev leadership set about a course of abandoning both the concept of the leading role of the working class and democratic centralism. In the process, it disarmed the revolutionary party, prevented it from undertaking the necessary corrections which finally led to the dismantling of socialism.

c. Socialist Economic Construction:

The third area where some shortcomings took place was in the process of socialist economic construction. As productive forces rapidly developed under the social ownership of the means of

production and centralized state planning, the methods of economic management that arise precisely due to this rapid economic development need to constantly change. The inability to transit to new levels by introducing such changes can lead to the stagnation of the economy. For instance, once all available land for agricultural production is utilized, then any further increases in production can happen only through increases in productivity. If such change is not affected in time, then problems arise.

This is precisely what happened in the USSR in the seventies and the eighties. Once again, instead of effecting such changes, the Gorbachev leadership set about a course of abandoning the socialist economic foundations of social ownership of means of production and planning. Under the influence of the “bourgeois god of market economy”, the systematic dismantling of the socialist economic foundations took place which contributed to the dismantling of socialism itself. Gorbachev and the liquidationist leadership of the CPSU thus emerged as the children of the illegitimate relationship between revisionism and imperialism.

d. Neglect of Ideological Consciousness:

The fourth area where major shortcomings occurred was in the field of strengthening the collective ideological consciousness of the people under socialism. Socialism can be sustained and developed only by the growing collective consciousness of the people which, in turn, cannot be reared without the ideological steadfastness of the ruling Communist Party. Due to these shortcomings, a situation arose where counter revolutionary forces, both external and internal, acted in concert to dismantle socialism. These reverses to socialism, therefore, have occurred not because of any inadequacies in the basic postulates of Marxism-Leninism. On the contrary, they have occurred primarily due to departures from the scientific and revolutionary content of Marxism-Leninism; incorrect estimations of the relative strengths of world capitalism and socialism; a dogmatic and mechanical interpretation of the creative science of Marxism; and also due to major shortcomings during the course of socialist construction.

While facing the current challenges, the socialist countries have embarked on a reform process, specific to the concrete situation of their countries. Particularly in the present situation where the international correlation favours imperialism with its virtual monopoly over capital and technology, the socialist countries are engaged in serious efforts at developing productive forces to consolidate socialism. These have generated concern and debate amongst well-wishers of socialism the world over. While these reforms have led to rapid economic growth in some countries, like in China, new problems have also arisen. Let us discuss some theoretical and political issues with specific reference to China. The triumph of the socialist revolution in Russia (and subsequently, following the defeat of fascism in the second world war, in the relatively less developed Eastern Europe; semi-feudal semi-colonial China; northern Korea; Vietnam and Cuba) did not and could never have meant the automatic transformation of the backward economies and low levels of productive forces into high levels (higher than that of capitalism) of socialized means of production.

For the purpose of our discussion, however, it needs to be noted that every socialist revolution, based on a concrete analysis of concrete conditions, worked out its approach towards developing rapidly the productive forces. How this can be done is specific to the concrete realities faced by the specific revolutions, both domestically and internationally. Lenin, himself, noted on the 4th anniversary of the October Revolution: “Borne along on the crest of the wave of enthusiasm, rousing first the political enthusiasm and then the military enthusiasm of the people, we expected to accomplish economic tasks just as great as the political and military tasks we had accomplished by relying directly on this enthusiasm. We expected—or perhaps it would be truer to say that we presumed without having given it adequate consideration—to be able to organize the state production and the state distribution of products on communist lines in a small-peasant country directly as ordered by the proletarian state.

Experience has proved that we were wrong. It appears that a number of transitional stages were necessary—state capitalism and socialism—in order to prepare—to prepare by many years of

effort—for the transition to Communism. Not directly relying on enthusiasm, but aided by the enthusiasm engendered by the great revolution, and on the basis of personal interest, personal incentive and business principles, we must first set to work in this small-peasant country to build solid gangways to socialism by way of state capitalism.

Otherwise, we shall never get to Communism, we shall never bring scores of millions of people to Communism. That is what experience, the objective course of the development of the revolution, has taught us.” (Lenin, *Collected Works*, Vol. 33, pp.58 emphasis added) Further, he proceeds to state: “Capitalism is a bane compared with socialism. Capitalism is a boon compared with medievalism, small production, and the evils of bureaucracy which spring from the dispersal of the small producers. In as much as we are as yet unable to pass directly from small production to socialism, some capitalism is inevitable as the elemental product of small production and exchange; so that we must utilize capitalism (particularly by directing it into the channels of state capitalism) as the intermediary link between small production and socialism, as a means, a path, and a method of increasing the productive forces.” (Lenin, *Collected Works*, Vol. 32, pp. 350) But, does this mean the restoration of capitalism? To this Lenin answers quite candidly during the period of the NEP (new economic policy) that: “It means that, to a certain extent, we are re-creating capitalism. We are doing this quite openly. It is state capitalism.

But state capitalism in a society where power belongs to capital, and state capitalism in a proletarian state, are two different concepts. In a capitalist state, state capitalism means that it is recognized by the state and controlled by it for the benefit of the bourgeoisie, and to the detriment of the proletariat. In the proletarian state, the same thing is done for the benefit of the working class, for the purpose of withstanding the as yet strong bourgeoisie, and of fighting it. It goes without saying that we must grant concessions to the foreign bourgeoisie, to foreign capital. Without the slightest denationalization, we shall lease mines, forests and oilfields to foreign capitalists, and receive in exchange manufactured goods, machinery

etc., and thus restore our own industry.” (Lenin, *Collected Works*, Vol. 32, pp. 491)

Post Reform Socialist China

To a certain extent, what we find in the post-reform socialist China is, a reflection of the theoretical positions Lenin had taken regarding state capitalism during the NEP period. The main question involved is that of increasing the productive forces in a backward economy to a level that can sustain large-scale socialist construction. Lenin, during his time, on the basis of the concrete international and domestic situation, consistently endeavoured to rapidly bridge the gap between backward productive forces and advanced socialist production relations. The course of this Soviet history of socialist construction, however, took place under different historical circumstances.

Encirclement of the Soviet Union, the civil war, the preparations for the Second World War by the fascist forces did not allow the Soviet Union a peaceful period necessary for a protracted period of transition towards the consolidation of socialist productive forces. The pace of the socialization of the means of production had to be hastened for the very survival of the socialism itself. The fact that it did succeed in socializing the means of production through ‘collectivization’, bore the brunt of fascist assaults during the Second World War and decisively defeated them will go down as one of the most remarkable and liberating experiences of the 20th century. In China today, what is being sought is to attain the conformity between the levels of productive forces and the relations of production under socialism. The advanced socialist production relations cannot be sustainable at lower levels of productive forces. A prolonged period of low levels of productive forces would give rise to a major contradiction between the daily expanding material and cultural needs of the people under socialism and backward productive forces. The Chinese Communist Party (CPC) has concluded that if this contradiction remains unresolved, then socialism itself in China would be under threat.

Following the political turmoil that took place during the cultural revolution and after the dethroning of the 'Gang of Four' a serious introspection was begun by the CPC on political and economic issues. In 1978, clearing confusion and incorrect understanding on many political issues and practices, the CPC adopted a comprehensive ideological line that culminated in what they call 'one central task and two basic points'. 'One central task' is economic development, the 'two basic points' are adherence to the four cardinal principles (Marxism-Leninism and Mao Zedong; socialist road; people's democratic dictatorship; and leadership of the Communist Party) and the implementation of reforms and open door policy.

Soon after the initiation of the reform process, in a conversation with Kim Il Sung in 1982, Deng Xiaoping says: "In a country as big and as poor as ours, if we don't try to increase production, how can we survive? How is socialism superior, when our people have so many difficulties in their lives? The Gang of Four clamoured for 'poor socialism' and 'poor communism', declaring that communism was mainly a spiritual thing. That is sheer nonsense! We say that socialism is the first stage of communism. When a backward country is trying to build socialism, it is natural that during the long initial period its productive forces will not be up to the level of those in developed capitalist countries and that it will not be able to eliminate poverty completely.

Accordingly, in building socialism we must do all we can to develop the productive forces and gradually eliminate poverty, constantly raising the people's living standards. Otherwise, how will socialism be able to triumph over capitalism? In the second stage, or the advanced stage of communism, when the economy is highly developed and there is overwhelming material abundance, we shall be able to apply the principle of from each according to his ability, to each according to his needs. If we don't do everything possible to increase production, how can we expand the economy? How can we demonstrate the superiority of socialism and communism? We have been making revolution for several decades and have been building socialism for more than three.

Nevertheless, by 1978 the average monthly salary for our workers was still only 45 Yuan, and most of our rural areas were still mired in poverty. Can this be called the superiority of socialism? That is why I insisted that the focus of our work should be rapidly shifted to economic development. A decision to this effect was made at the Third Plenary Session of the Eleventh Central Committee, (1978. Ed.) and it represented an important turning point. Our practice since then has shown that this line is correct, as the whole country has taken on an entirely new look.” (*Selected Works of Deng Xiaoping*, Vol. 3, pp. 21-22). It is essentially such an understanding that led to a theoretical conceptualization of the primary stage of socialism.

This, in fact, conforms to what Marx and Engels themselves had stated and what is accepted by all subsequent Marxists: that socialism is the transitory stage between capitalism and communism and hence constitutes the first stage of a communist society. The CPC however has gone a step further to formulate that within this transitory stage, there will be stages depending on the levels of productive forces at the time of the revolution. This was systematically elucidated in the 13th Congress of the CPC. Basically, what it meant was that China, being a backward semi-feudal, semi-colonial country at the time of the revolution, was at a stage where the socialist transformation of its economy will have to be conducted from very low levels.

The World Bank, in 1980 sent an investigation team to China which estimated that the per capita GNP in 1952 was US \$ 50, even lower than that in India and only slightly more than one-fifth of that in the Soviet Union in 1928. In a country with the largest population in the world, the effort for a transformation into a modern socialist economy is, indeed, a stupendous task. The CPC estimated that this process would take at least a hundred years from the time of the revolution to reach the stage of a modern socialist economy. It is this process which they call ‘the building of socialism with Chinese characteristics’. In order to achieve such a transformation, the CPC put forward another theoretical formulation that of building a socialist market economy. By now, it is clear that as long as commodity production exists, there would be a need for a market to exchange these commodities. The CPI(M) at its 14th Congress noted

in its Ideological Resolution: “It would be erroneous to conclude that under socialism the market will cease to exist.

So long as commodities are produced, the market exists. The crucial question is not planning versus market but which dominates. Under socialism, market is one of the means for the distribution of the social product. Centralized planning, utilizing the market forces and the market indicators, will be able to efficiently develop the productive forces and meet the welfare demands of the people. Therefore, ignoring market indicators leads to greater irrational use of resources which will adversely affect the plan process itself”. What is sought to be created in China is a commodity market economy under the control of the socialist state where public ownership of the means of production will remain the mainstay; by which the CPC means “firstly that public capital predominates in total social capital; secondly, the state economy controls the economic lifeline and plays a dominant role in the national economy”. Through this, they seek to prevent the economic polarization and growing inequalities created by private market economy and ensure the common prosperity of the working people.

As a result of these reforms, China over the last two decades has achieved tremendous successes. Material standards of living have grown by leaps and bounds. Poverty levels have come down sharply. In health, higher education, scientific research and technology development, China has moved ahead at a commendable rate. All these have been possible not because China ‘broke from the Maoist past’ but because it developed on the solid foundations laid by the People’s Republic of China during the first three decades of centralized planning. However, new problems are also cropping up as a result of these developments. They are mainly the growing inequalities, unemployment and corruption. The CPC, cognizant of these dangers, is taking measures to tackle these problems. But the fact remains that with the current transformation of the State owned enterprises, there is a net accretion to the unemployed every year.

While the State maintains a minimum subsistence allowance and offers re-training programs for retrenched workers, unemployment is a serious problem. The main question that emerges is whether these

growing inequalities will take the form of the formation of an incipient capitalist class? Lenin, while talking of State capitalism and emphasizing the need to rapidly expand the productive forces, also warned of the risks to the socialist State that such a period of transition will bring about.

Characterizing the process of building state capitalism as a war, Lenin says: “the issue in the present war is -- who will win, who will first take advantage of the situation: the capitalist, whom we are allowing to come in by the door, and even by several doors (and by many doors we are not aware of, and which open without us, and in spite of us) or proletarian State power?” (Lenin, *Collected Works*, Vol. 33, pp 65) He proceeds further to state:

“We must face this issue squarely—who will come out on top? Either the capitalists succeed in organizing first—in which case they will drive out the Communists and that will be the end of it. Or the proletarian state power, with the support of the peasantry, will prove capable of keeping a proper rein on those gentlemen, the capitalists, so as to direct capitalism along state channels and to create a capitalism that will be subordinate to the state and serve the state.” (Lenin, *Collected Works*, Vol. 33, pp 66).

Similarly, Deng Xiaoping in a talk during his visit to southern China says: “The crux of the matter is whether the road is capitalist or socialist. The chief criterion for making that judgment should be whether it helps promote the growth of the productive forces in a socialist society, helps increase the overall strength of the socialist state and helps raise living standards.” (*Social Sciences in China*, Vol. XX, No. 2, pp. 29). Further, in 1985, addressing some of the apprehensions of growing inequalities Deng Xiaoping says: “As to the requirement that there must be no polarization (read growing economic inequalities), we have given much thought to this question in the course of formulating and implementing our policies. If there is polarization, the reform will have been a failure. Is it possible that a new bourgeoisie will emerge?

A handful of bourgeois elements may appear, but they will not form a class. "In short, our reform requires that we keep public ownership predominant and guard against polarization. In the last four years we have been proceeding along these lines. That is, we have been keeping to socialism." (*Selected Works of Deng Xiaoping*, Vol. 3, pp. 142-143). Clearly, the CPC is in the midst of a serious effort of building socialism with Chinese characteristics. The CPC is endeavouring to rapidly expand the productive forces and, thus, consolidate and strengthen socialism in China through these reforms.

On the other hand, as noted above, this very process engenders certain tendencies which seek to weaken or even destroy socialism. As a result, ideas and values alien to socialism may also surface. Imperialist finance capital is there in China not to strengthen socialism but to earn profits and to create conditions of adversity to socialism. They would certainly seek the weakening of socialism or its dismantling in order to earn greater profits. This is the current struggle between imperialism and socialism that is taking place in the theatre of China. And, in this struggle, the efforts to strengthen and consolidate socialism will receive solidarity from us and the Communists the world over.

Socialism Tomorrow

As humanity moves into the third millennium, the situation confronting us is one where imperialism is preparing to unleash a renewed offensive against the majority of the world's population. As a result of these efforts of imperialism, all the main world social contradictions—between imperialism and socialism; between imperialism and the third world countries; between imperialist countries themselves; and between labour and capital in the capitalist world—are intensifying. Of these, the contradiction between imperialism and socialism occupies the central space, as the only alternative to imperialism and capitalism is socialism.

No amount of reform of capitalism can make it an exploitation free system. The only way of liberation from this exploitation is the establishment of a socialist system. However, in the immediate

context, with imperialism bracing itself for a new offensive, the contradiction between imperialism and the third world countries is bound to intensify rapidly and come to the forefront. The recent years have seen growing global protest against globalization as well as against US military interventions in pursuit of its efforts to strengthen its global hegemony.

The global protests ranging from Seattle to Genoa; the international calls by trade union organizations for anti-WTO protest; the increasing participation in the World Social Forum (WSF); the struggles and joint resistance in many third world countries etc have characterized this period. Newer forms of struggles are also emerging. In Latin America, for instance, the democratic and anti-imperialist movement is gaining momentum. The “Bolivarian Revolution” in Venezuela has inflicted a tough defeat on the dominant and retrograde classes and their decayed institutions as witnessed in the latest defeat of US inspired coup to depose Hugo Chavez.

The insurgent movement is being intensified in Colombia. The Wide Front, gathering all Left-wing forces, has become the main political force in Uruguay. The ethnic Indian-popular revolution emerged in January 2000 in Ecuador. The Fujimori dictatorship was defeated in Peru. Working class led popular struggles are blooming in Argentina and may turn into a huge movement in the country, which is undergoing a serious economic and social crisis under an unstable government. The Sandinista Front in Nicaragua and the Farabundo Marti Front in El Salvador are becoming important political forces in Central America. In Mexico, the ethnic Indian movement has gathered strength and the Left forces are consolidating. In the Caribbean colonies, the movement for independence is gathering strength, especially in Martinique and Guadelupe. In Panama, the patriotic movement has achieved a great victory when the North Americans withdrew from their strategic canal. This period has also seen the strengthening of the process of the regrouping of Communist forces in various parts of the world. Various regional groupings of Communist, Left and progressive forces such as the Sao Paulo Forum which brings together the Left forces in the Americas

are also being strengthened. This period also saw growing interaction amongst the Communist parties and a larger number of occasions for international Communist gatherings.

Much of this, however, is defensive in nature in terms of defending the rights that are being rapidly eroded. The struggle against capital's rule has to intensify and develop. This however, is not to suggest that the advance of the Communist forces would be automatic.

But the objective conditions open up possibilities which the Communists can utilize in strengthening the popular movement for ending a system based on exploitation of man by man. The responsibility of strengthening the subjective factor -- the revolutionary ideological struggle led by the working class, uniting other exploited classes and its decisive intervention under the leadership of a party wedded to Marxism-Leninism—falls on our shoulders. It is imperative to utilize the objective situation and intervene to advance the movement for social emancipation. This is the only course available to humanity to save itself from being engulfed by the slide to barbarism. To those who argue that there is no alternative to globalization (the famous TINA factor), our answer is that the alternative to TINA is SITA (socialism is the alternative).

Introduction

The present age of modern capitalism is one of deep illusion. The hopes placed in the politics of the 20th century have remained unfulfilled. We now confront the fact that in the twenty first century the human race is in danger of self-destruction. The suffering which results from continuing problems is incalculable. Deaths from starvation and disease are numbered in their millions annually. Across the globe, communities are divided by conflict and the lives of individuals are carried on as meaningless struggles. Any hope for a world of unity, democracy and material security has dwindled into a universal feeling of powerlessness in the face of massive problems which appear to be beyond control.

None of these conditions of modern life were envisaged by those who held out better hopes for humanity at the beginning of this century. Now, what are the probabilities for the future based on the record of the past? Will this 21st century repeat the failures and disillusion of the last century on yet a greater scale? Must we in turn fail to hand over a better world to succeeding generations? Surely, the important question is why, given the best things that humanity can achieve, and why, given the common desire for a better world, do we continue to suffer this failure? Why do we seem unable to bring our relationships and everyday actions into accord with our common need for co-operation and material well-being?

These are the questions which socialists set out to answer today. In going over the ground of failure it is not our intention to contribute to prevailing pessimism. On the contrary, we reject it. We say that we can solve our problems. We say that a better world is well within our grasp, and that the work of achieving it must begin Now!

The power and responsibility for constructive action is within every individual. A world organized solely for human needs can be established and this depends on nothing more than one simple and

ordinary human ability which is universal. This is the ability of every individual to cooperate with others in a world-wide community of interests. It is only through socialist political action that this ability can be acted upon immediately.

It is the purpose of this book to set out the means by which socialism could establish world unity, and on this basis the possible practical means by which social problems could be solved peacefully and equitably. In outlining the basic features of organization through which socialism could achieve this we do not presume to lay down in advance what a growing socialist movement must do. The possible lines of action and organization which are proposed in this pamphlet arise from the objectives which the socialist movement is now organized to achieve, but they are put forward solely as proposals. Whether these are taken up would be entirely the result of democratic decisions of greater numbers of socialists. The object is simply to suggest practical ways in which existing problems could be solved by taking the present powers of production and useful social organization forward on a socialist basis.

In considering the practical ways in which socialism could solve existing problems, it is important that the necessary changes should be kept clearly in mind. Socialism does not require the abolition and replacement of the entire structure of production and all existing forms of organization. What is required is a fundamental change in the social relationships through which these are operated. This will be achieved by the institution of common ownership of all resources and means of production. This will establish the relationships of co-operation through which socialism will solve the problems, starting off from the useful powers of production which it has taken over.

We are not therefore formulating some ideal concept of the future, to which we expect the entire structure of society to suddenly adapt itself. The proposals we are putting forward arise from the existing material position of society. They consist of the ways in which the existing structure of production and forms of social organization can be adapted and developed solely for human needs, on the new basis of common ownership.

Characteristics of the Contemporary Capitalist System

How do Marxists characterize the situation and perspectives of the capitalist system of production at the beginning of the 21st century? Based on that definition, what objectives do they propose for themselves? These two questions have a universal, categorical and unequivocal answer, that being the characterization of capitalism as a moribund social system in an advanced and irreversible state of decomposition, and the strategic objective of building a socialist society, the only alternative to the barbarism Rosa Luxemburg referred to. As for the rest of the problems that present themselves in contemporary capitalism, while it is possible and necessary to make general considerations that would help to provide adequate solutions, it is the conditions prevailing in each continent, region and nation and perhaps in each context, that determine the content of such solutions.

Capitalist Imperialism and the Validity of the Struggle for Socialism

In virtue of the political and ideological impact of the disappearance of the Soviet Union and the other countries of what was called the European Socialist Community, which left the terrain open for the consolidation of the neo-liberal doctrine, together with the broad gamut of pseudo theories associated with it, like the one about the “end of history,” two myths have played a decisive role in the theoretical and political production since the beginning of the 1990’s concerning contemporary capitalism: the first is that “globalization” causes a drastic rupture in the historical development of humanity, impeding the understanding and transformation of society; the second consists in attributing to the so-called Scientific-technical Revolution the capacity to exorcise or indefinitely postpone the explosion of the capitalist system’s antagonistic contradictions.

The fetishes of “globalization” and the “Scientific-technical Revolution” constitute the fundamental basis of the different variants of today’s “third way.” They no longer try to position themselves

between the political and ideological poles postdating the October Revolution of 1917, that is, between capitalism and socialism. Instead, they place themselves openly within capitalism, saying they occupy a “democratic” and “socially motivated” space between the starkest neo-liberalism (symbolized by the governments of Ronald Reagan and Margaret Thatcher), and the remnants of the so-called Welfare State that functioned in part of Western Europe during the 20th century’s post Second World War period.

Corresponding to this characterization of “historical rupture,” and the “permanent self renewal” capacity of the capitalist system of production, there is: a) a strategy oriented toward limiting the most destabilizing effects of the process of concentration of political and economic power, with absolutely no proposal to alter it in its essence; b) a tactic based on concessions directed to win or maintain capital’s tolerance for the exercise of the function of government or the preservation of the ratio of forces of institutional representation, deprived of the ability to exercise real political power on central questions; c) a non-class definition of the subject of the struggles which, in spite of the unprecedented process of concentration of wealth and social polarization unfolding on the world scale, ignores the position of human beings with respect to property relations; d) an imprecise definition of the “allies,” derived first and foremost from the lack of a class conception of who forms the fundamental subject of the struggles and; e) the playing of a subordinate and secondary role in the politics of alliances.

Contrary to the image it projects of itself, contemporary capitalist imperialism is characterized by the increasing concentration of property, production and political power to a qualitatively higher level; in other words, by the escalation to a level of transnational concentration of property, production and political power, whose nucleus is comprised of the transnational monopolies, that are fused with the states of the main imperialist powers, which also take on transnational functions. This characteristic was delineated in the words of the First Secretary of the Communist Party of Cuba, Fidel Castro Ruz, “the transnational monopolies represent the most perfect synthesis, the more developed expression of monopoly capitalism in

this phase of its general crisis,” and therefore “they are the international carriers of all the laws that govern the capitalist mode of production in its present imperialistic phase, of all its contradictions, and are the most efficient mechanism for the development and intensification of the process of subordination of labour to capital on the world scale.” Fidel Castro Ruz. *La Crisis económica y social del mundo*, Ediciones del Consejo de Estado, La Habana, 1983, p. 153.

This process, which constitutes the present stage of the development toward the universalization of human relations analyzed by Karl Marx and Frederick Engels, is what is alluded to more and more often by the term “globalization.” Globalization is the historical continuation of capitalism’s tendency toward universalization, initiated with the formation of the world market. It is based on political and economic conditions created in the course of the 20th century and, in particular, during the post Second World War period. It began to unfold in the 70’s, that is, beginning with the end of two decades of expansive growth of the world capitalist economy opened by the destruction of productive forces caused by the Second World War and it received a decisive political and ideological impulse with the sharpening of the Soviet Union’s crisis and its collapse, reaching its maximum intensity and violence.

Also contrary to the postulates of the apologists of capitalism, the so-called Scientific-technical Revolution in no way resolves or allows indefinite postponement of the capitalist system of production’s antagonistic contradictions. The term Scientific-technical Revolution is the one most used to refer to the development achieved by the productive forces of capital during the post-war period, which among other things was due to the stimulation of productive processes caused by European reconstruction and the arms race. But the notion of an exorcism of the contradictions is false because, precisely, it was this development which, at the end of the 60’s, once the productive capacity of Western Europe and Japan had been reconstructed, caused the return of the crisis of overproduction of commodities, capital and population.

The reign of the transnational monopolies did not come about as claimed by those imposing the unilateral opening and deregulation of

the underdeveloped countries under the signboard of universal expansion of productive investment, the “transfer” of the advances of science and technology, access to the markets of the “First World,” or the “trickle down” of wealth. On the contrary, in a world economy over saturated with commodities, capital and labour power, in which the law of the most powerful rules, the transnational monopoly corporations use, with an unprecedented intensity, all their economic power and their control over the scientific-technical innovations, together with the political and military power of the imperialist states of their nations of origin, in order to penetrate the areas of greater relative development of the so-called Third World, with the aim of absorbing or destroying local bodies of capital, whose markets they need to capture in order to guarantee their own subsistence.

In the underdeveloped world, the empire of the transnational monopolies has enthroned a vicious cycle of unrestricted opening to the import of commodities and capital, bankruptcy of national industry, dollarization or monetary overvaluation guaranteeing maximum value in the export of profits, growing unemployment and informalization of work, decline in the living standards of the people and, consequently, decrease of the capacity for solvency of the national market they have appropriated. The equilibrium of the balance of payments is maintained in a temporary and precarious manner by means of increasing interest rates to attract the flows of speculative capital that constitute imperialism’s main instrument of expropriation. How has this been demonstrated by the Argentine crisis amongst other examples? Once all the blood had been sucked out, once all possibilities of capturing the income and reducing the spending of the dependent national state so as to maintain the spiral of external indebtedness had been exhausted, once the cadaver of the national market that had been so diligently “restructured” and “reformed” according to the neo-liberal recipes was abandoned by the vampires, only the fear of a chain reaction of the economic and financial crisis solicits a “rescue” package which then in turn only further compromises the future of the nation.

The obsolescent nature of capitalism today is evident because a society which by definition is based on wage labour and the sale of commodities increasingly depends on the reduction of labour and wages and, as such, is forced to limit the horizon of the market that constitutes its source of subsistence. The political, economic, social, moral and environmental degradation of the present is the greatest indication that the world has already entered the phase of barbarism. The fable about the “trickle down effect” did not last long. According to this fable, the whole world was supposed to reach the levels of economic development now monopolized by the United States, the European Union and Japan. Fewer and fewer are those who refuse to recognize that the program of unilateral opening and deregulation imposed by neo-liberalism is not the stairway to the “First World” but that it is a wide open door to political, economic, social and moral crisis. Those who think the big imperialist powers can take refuge in a “Noah’s Ark” that will save them from the “universal flood,” are deluding themselves.

The terrorist crimes of September 11, 2001, constitute a tragic and unjustifiable reminder that the borders of the big imperialist powers are unable to contain the universal effects of underdevelopment, poverty, unhealthy conditions, lack of culture, illiteracy, drug trafficking, wars, terrorism, or the economic and financial crises that originate, precisely, from capitalism’s inability to orient production toward the satisfaction of the material and spiritual needs of all the human beings inhabiting the planet. This is the reality that is already knocking on our doors, which puts humanity face to face with the alternative stated by Rosa: “socialism or barbarism.” In other words, this is the reality that reaffirms our conviction that the strategic objective of the struggle of the peoples must be the construction of socialism.

Marxism as Key to Content of the Struggles and its Potential Allies

The class struggle and the politics of alliances have been the object of basic Marxist theoretical study and practical politics from

the beginning of the classic writings. In the *Manifesto of the Communist Party*, Karl Marx and Frederick Engels (“Manifesto of the Communist Party,” *Selected Works*, Progress Publishers, Moscow, 1968, p. 44) declare that “of all the classes that stand face to face with the bourgeoisie today, the proletariat alone is a genuinely revolutionary class.” Starting from that premise, they directed their analysis to the role of the “middle strata” which plays an ambivalent role between the bourgeoisie and the proletariat and they derived their conclusions about the conditions in which those who form the “middle strata” keep their reactionary nature, that is they “try to roll back the wheel of history,” and about the conditions in which they can become participants in the social revolution, “in view of their impending transfer into the proletariat.”

In their telling words: “The lower middle class, the small manufacturer, the shopkeeper, the artisan, the peasant, all these fight against the bourgeoisie, to save from extinction their existence as fractions of the middle class. They are therefore not revolutionary, but conservative. Nay, more, they are reactionary, for they try to roll back the wheel of history. If, by chance, they are revolutionary, they are only so in view of their impending transfer into the proletariat; they thus defend not their present, but their future interests; they desert their own standpoint to place themselves at that of the proletariat.” Marx and Engels also focus their attention on the lumpen proletariat which “may, here and there, be swept into the movement by a proletarian revolution; its conditions of life, however, prepare it far more for the part of a bribed tool of reactionary intrigue.”

After the publication of the *Manifesto of the Communist Party*, many authors, some considered to be continuing the work of Marx, have glossed over the word today contained in the statement made in that work that “the proletariat alone is a genuinely revolutionary class” and, from this, multiple vulgarizations of Marxist thought are derived, including the notion that in whatever historical circumstance the proletariat is necessarily called upon to exercise that role, or that this character is reserved for it exclusively. Those who fall into these errors lose sight of the fact that it was Marx and Engels themselves

who first analyzed problems like the effect of the introduction of new machinery on the increase of competition between workers, and of each worker for her/himself; the effect of the increasing division of labour against the organization and struggle of the proletariat, which effectively reaches its maximum expression with the introduction of the transnational division of labour and the political and ideological consequences of the appearance of the “labour aristocracy” which benefits from the most straightforward exploitation of the colonies and other sectors of its own class. This was to have a decisive impact on the success achieved by social democratic reformism in the European labour movement during the course of the 20th century. In the other direction, the vulgarizers of Marxism also lose sight of the fact that independent of the changes that have occurred over the last one hundred and fifty years, the contradiction between the bourgeoisie and the proletariat continues to be the fundamental antagonistic contradiction of capitalism.

It is not the intention of this paper to go more deeply into the role of the proletariat and within that, into the role of the proletariat of the imperialist powers in the present phase of the historical development of the class struggle. However, just to refute some of the principal pseudo theories in vogue, let us remember that: 1) the working class continues to be the producer of almost the entire social wealth upon which not only development, but also humanity’s survival itself are based, and thus its role in the class struggle continues to be decisive, and 2) contrary to what happened during the expansive growth of the post-war world capitalist economy, the process of increasing the value of capital within the main imperialist powers is no longer compatible with the general increase of employment, wages and other forms of social redistribution. This conspires against maintaining the so-called Welfare State, still today erroneously considered by some to be the final and definitive stage toward which the capitalist system of production is advancing.

Instead of going into details about the composition of European social classes at the time when the *Manifesto of the Communist Party* or other works of Marx and Engels were written, it is more appropriate to make use of their method of analysis in order to apply it to today’s

world. In Czarist Russia, the weakest link in the imperialist chain at the beginning of the 20th century, with three million workers and eighteen million poor peasants, Lenin was aware of the revolutionary role the peasantry had to play together with the working class and on that basis proclaimed the worker-peasant alliance. The coherence of this contribution to the Marxist tradition is unquestionable: in the second Russian edition of the *Manifesto of the Communist Party* published in 1882, Engels was already analyzing the potential role of the poor peasantry in view of an eventual outbreak of the socialist revolution in that country (See “Preface to the Second Russian Edition (1882) of the Manifesto of the Communist Party,” Karl Marx and Frederick Engels, *Collected Works*, Progress Publishers, Moscow, 1976, vol. 6).

A great deal has been written in recent years about the social struggles that do not originate in class contradictions although every social struggle inevitably carries the imprint of the class structure in which it unfolds. Without doubt, this element must be incorporated into the Marxist analysis of contemporary capitalism. The point of view of Marx is always that of the totality of the space in which capital circulates: if the space broadens, it is necessary to broaden the theoretical outlook. As a consequence of the universalization of the capitalist relations of production which has unfolded under the effects of the law of unequal economic and political development formulated by Lenin, the horizon that the material and spiritual production process of capitalism occupies is no longer just or even eminently European, “western,” Christian, white, male, of “pure” bourgeois and proletarians, ruled by the general parameters of bourgeois liberal democracy, with a relatively homogeneous degree of economic, political and social development, and beneficiary of a planet in which the devastating effects of capital on the natural environment had not yet accumulated.

The creation of a single transnational space of capital circulation incorporating the material and spiritual production process of bourgeois societies into nations with diverse degrees of political, economic and social underdevelopment, with non-Christian religions and cultures like the Islamic, Hindu and African ones, with

indigenous national majorities and minorities, with black populations descendants of African slaves, with Asian populations descendants of indentured labourers also in conditions of slavery, with ancestral practices of discrimination against women, among other characteristics, means that a broad and varied range of social class contradictions and subjects come to occupy central places in the struggle against capital. All these factors must be incorporated into the Marxist analysis concerning the composition of the fundamental block of the popular struggles, the identification of their potential allies and the definition of the foundations on which it is possible to establish such an alliance, both on the world scale and in the indispensable reading of the particular and singular circumstances in which each Marxist party or political movement develops its struggles.

As a logical consequence of the political and ideological intentions of its pseudo theories about the omnipotence of contemporary capitalism, social democratic third way-ism does a partial, fragmentary and one sided reading of the social class transformations supposedly caused by “globalization” and the “Scientific-technical Revolution.” Among its principal “arguments” these stand out: the “indefensible” situation in which governments, political parties and unions supposedly find themselves as a consequence of the transnational mobility of capital that allows it to migrate if it does not receive every kind of concessions and privileges, and the fragmentation contemporary capitalism causes in the working class and other oppressed social class sectors as a negative element for popular organization and struggle.

With respect to the supposed “indefensible” position into which nations and peoples have sunk, it is worth saying that it is undeniable that capital and especially speculative capital use their mobility as a mechanism of pressure and blackmail in order to force governments, political parties and unions of different countries and regions to compete among themselves, but it is also undeniable that: 1) the over saturation of the goods, services and capital markets, a characteristic of the present world capitalist economy, forces capital to “anchor” itself in the increasingly reduced spaces on the world scale where it

can guarantee its extended reproduction; 2) that “anchorage” must be maintained even if the governments, political parties and unions of the country in question take up and hold to a posture of defence of the legitimate national interests; and, 3) such an “anchorage” would be even more solid and effective if the governments, political parties and unions of the whole world or at least of a region, like Latin America and the Caribbean, for example, managed to harmonize and unite their positions in defence of sovereignty and national interests.

We insist that the issue is not so much the power the “objective” factors attributed to “globalization” and the “Scientific-technical Revolution” give to transnational finance capital for domination of governments, parties and unions, as the ideological success they have harvested by convincing them of the supposed invincibility of a social system in a state of decomposition, and of the supposed weakness of the peoples to successfully fight against it. With respect to the difficulties of organizing and mobilizing for popular struggle, it is unquestionable that the metamorphosis of contemporary capitalism causes changes in the social class structure with a tendency toward the fragmentation of the sectors composing the popular block, but it also fragments and polarizes, perhaps to a greater extent, the bourgeoisie itself, because the basic form of reproduction of capital is the expropriation of some capitalists by others.

Given capital’s tendency to concentrate and universalize, today we can state that the “middle strata” of contemporary “global society” are not just traditional small- and medium-size industry, but also enterprises considered large by the standards of the so-called “third world,” but incomparable to the power of the great transnational monopolies that need to corner their markets in order to guarantee the latter’s own extended reproduction. Projected on the world scale today, this consists of a situation analogous to the one analyzed in the *Manifesto of the Communist Party* when it refers to the “middle strata” that “sink gradually into the proletariat, partly because their diminutive capital does not suffice for the scale on which Modern Industry is carried on, and is swamped in the competition with the large capitalists, partly because their specialized skill is rendered worthless by new methods of production”(See

“Preface to the Second Russian Edition (1882) of the Manifesto of the Communist Party,” Karl Marx and Frederick Engels, *Collected Works*, Progress Publishers, Moscow, 1976, vol. 6). As such, the essence of Marxist analysis needs to be recovered in order to evaluate when the “middle strata” of contemporary capitalism are trying to “roll back the wheel of history” and when they become potential allies of the popular block. To this central question there is no single and immutable answer: it is necessary to conduct this political reading again and again in each place and context.

Exemplary Cuban Revolution’s Politics of Alliances

When he carried out an X-ray of mid 20th century Cuban society in “History Shall Absolve Me,” Fidel Castro Ruz followed the path of José Martí and established the foundations for a policy of alliances which included, integrating and unifying all the then oppressed and exploited social class sectors—workers, peasants, unemployed, small owners, professionals, intellectuals, illiterates, whites, blacks, Chinese, mestizos, Catholics, protestants, men, women, youth, elderly and others; a policy of alliances that not only lead to the triumph of the Cuban Revolution, but which also serves it to maintain the broadest and most solid unity of the whole people, the indispensable condition for dealing with the multiple aggressions and dangers that have intervened in the process of building socialism.

The inclusive, integrating and unifying approach of the Cuban Revolution was what guided the process of transformation of the alliance into unity, and of unity into fusion and synthesis of the organizations that fought against the tyranny of Fulgencio Batista, the “26th of July” Movement, the People’s Socialist Party and the “13th of March” Student Directorate; allies first in the Integrated Revolutionary Organizations, brought together in the United Party of the Socialist Revolution, and fused and synthesized since 1967 in the Communist Party of Cuba, which is the only party of the Cuban nation, not because of omission or exclusion of other political forces, but as a result of the most profound and solid political and ideological convergence.

The foreign policy of the Cuban Revolution since January 1, 1959 has also followed the path of José Martí, aimed at promoting the convergence, unity and integration of the nations, peoples, popular movements and political forces of the whole world, on the basis of an anti-imperialist platform, of the defence of the sovereignty, self-determination and independence that constitute the starting point for the conception and execution of any strategy oriented to achieving sustainable economic and social development with a true sense of justice and equity. With this objective in mind, the Cuban Revolution: 1) encouraged, in its time, the approach to and collaboration among the Soviet Union and the other socialist countries and democratic, progressive and revolutionary forces of the “Third World,” for purposes of fostering the mutual benefit derived from the interaction of two fundamental streams of the popular movement of the second half of the 20th century; 2) played an active role in the Movement of Non-Aligned Countries and other organisms and conferences representative of the underdeveloped world, in which the sharpening of contradictions as a result of the increasingly voracious political, economic and military action of one imperialism was notable; 3) broadened and deepened its relations with the most diverse popular political forces and movements worldwide; and, 4) maintained an unshakable policy of internationalism, corresponding to the requirements of each historical period.

Battles like the campaign for non-payment of the external debt, the fight against neo-liberal globalization, and the promotion of the globalization of solidarity and, more recently, the encouragement provided to the continental movement against the Free Trade Area of the Americas (FTAA), are examples of the inclusive, integrating and unifying vision of the Cuban Revolution, that starts from the identification of the national and social class contradictions of the inter-centuries’ world, sharpened to an extreme degree by the exclusionary and polarizing nature of transnational monopoly capitalism. With this same commitment, Cuba incorporates into its battle of ideas the struggle against the growth of imperialism’s aggressiveness, which, under the cover of the terrorist acts of September 11, 2001, is unleashing a bellicose crusade against the

nations, popular political forces and movements that stand up to its domination. This is the commitment that impels the Cuban Revolution to give priority attention to spaces like the Sao Paulo Forum and the World Social Forum, which constitute laboratories for ideas and actions in which the politics of alliances that shall bear fruit for the popular and political forces of the world in the 21st century, are being designed and put to the test.

The formula the Communist Party of Cuba proposes for the success of the politics of alliances of the Marxist left is the conception of the alliances as a first step toward convergence, unity, fusion and synthesis of the demands, needs, aspirations and interests of all the oppressed and exploited social class sectors; that is, not as a mere and circumstantial electoral coalition in which the different factions “negotiate” the exchange of reciprocal support for realizing their respective particular interests— something that leads to contradictions over the path to follow, eventually causing the rupture of the alliance—but as the beginning of a strategic process conceived for the long term, of building consensus and elaborating a common programme of government that not only confronts but also reverses the consequences of neo-liberalism. The continuation and results of this program would be guaranteed by the broadest and most democratic participation and representation of all those sectors. The organizational forms this process takes would be determined by the conditions in which the struggles of each people unfold, be that of one or various parties, a movement, a front, a coalition or an alliance with which the social revolutionary subject provides itself to undertake this difficult but unavoidable road toward unity.

In Latin America at the beginning of the 21st century, the politics of alliance of the communist parties and other Marxist organizations has a broad radius of action on themes like defence of sovereignty, independence and national self-determination, the promotion of a true regional integration and unity with respect to the interests of the peoples, the reversal of the opening, deregulation, privatization and foreignization process of the neo-liberal stamp, and opposition to war and the attempts to criminalize the popular struggles. A good starting point for the building of our alliances is the battle against the

FTAA, which embodies the worst annexationist designs of U.S. imperialism.

Theoretical Reality of Imperialism and the Future of Socialism

The disintegration of the Soviet Union, the product of the world's first socialist revolution, gave rise to a renewed and sustained bout of "Marxism is dead" propaganda. A corollary to such an offensive is the reaction that Marxism has to be revised in such a manner that it ceases to be Marxist. Both these trends are neither new nor original. In different periods of history, in the course of the ebb and tide of the class struggle, such ideas have arisen with varying degrees of effect and durability. But the speculation about the future of Marxism in the current period, in the last decade of the twentieth century, is the most serious which the working class movement has faced so far. The reasons are obvious enough. Seventy four years after the October revolution, the State that Lenin and the Bolsheviks founded was dismantled. Along with the collapse of existing socialism in Eastern Europe, it changed the world balance of forces for the present, in favour of imperialism and world capitalism.

From such a dramatic event, stems the confidence of the bourgeois ideologues that Marxism as a viable worldview and scientific theory stands discredited and rendered obsolete. Marxism as the exposition of scientific socialism predates the October revolution; and it will continue to be a revolutionary theory and guide to action after the demise of the Soviet Union. The existence or disappearance of the Soviet Union does not invalidate Marxism. The struggle for scientific socialism, which is the basic tenet of Marxism, remains the only alternative to capitalism in the twenty-first century. Class struggle as the motive force for history retains its universal relevance. Capitalism today and in future too can be understood only by the analysis based on Marxism, Scientific socialism based on historical materialism provides the revolutionary framework for supplanting capitalism with a superior and exploitation free society.

Contemporary capitalism is still imperialism. Notwithstanding the sustained ideological efforts to discard imperialism as a category and

as a definition of world capitalism, imperialism is the adversary in the worldwide class struggle. The setbacks to the socialist system have altered the balance of forces in favour of imperialism but this does not negate the existence of the class struggle. The scientific and technological revolution has enabled the advanced capitalist countries to revolutionise the means of production resulting in the sharply increased exploitation of the workers and greater concentration of wealth in the hands of the upper strata. This coupled with the rapacious exploitation of the lesser developed capitalist countries constitute the vital economic sinews of imperialism.

At the ideological and cultural level, the hegemony of the bourgeois classes remains intact with the harnessing of the powerful mass media created by the technological revolution to globally purvey its ideas. It is this dominance of the economic, technological and cultural spheres by capitalism which provides it with the aura of invincibility. Marxism is the only scientific method to cut through to the kernel of the predatory and exploitative nature of world capitalism and to have a methodology which updates the comprehension of the transformations wrought in the world capitalist system in the last two quarters of the twentieth century. Imperialism is not about to disappear in the 21st century. The theoretical advance made by Marxist-Leninist analysis of the growth of monopoly capitalism resulting in the rise of modern imperialism has to be carried forward to take stock of the new developments in the last two decades of the 20th century.

An important phenomenon is the highly mobile international finance capital which shifts from one part of the world to the other in search of quick profits. This international flow of capital is a major factor for the intensified exploitation of the third world and also the high rates of unemployment prevailing in the advanced capitalist countries. The harmful consequences of speculative financial flows are being witnessed currently in the currency crisis which has gripped the South-East countries which are held up as a “model” for the third world to follow. In the absence of a countervailing socialist bloc, imperialism is on the offensive to “roll back” the limited economic sovereignty of the third world.

The IMF, World Bank and WTO being the trinity which holds the lesser developed countries to ransom to impose the policies of neo-liberalisation. A hallmark of capitalism in the late 21st century is that it has gone back on the welfare capitalism which it touted as a humane system which led to the theories of convergence between capitalism and socialism. Neither is the capitalism of the contemporary era able to eliminate high unemployment rates leave alone provide full employment. It is this twin attack of dismantling the welfare system and inflicting high unemployment which is meeting with resistance and the intensification of the class struggle. One of the main factors discrediting Marxism-Leninism is supposed to be the irrelevance of class struggle and the central role of the working class.

The argument is that under the rubric of globalization, the internationalization of capital and the growing might of the TNCs, the structural changes under capitalism have marginalized the working class and made class struggles ineffective within a nation-state. This myth found increasing adherence after the setbacks to socialism. The recent period has provided enough evidence to challenge these false premises fostered in the name of globalization. The strike struggles of the French workers in the Winter of 1995 and the 1996 general strike of the South Korean workers have graphically illustrated the existence and vitality of class struggle and punctured the myths built up about the nature of late 20th century capitalism. For those who doubt the capability of the working class and the relevance of class struggle against capitalism, the recent spate of working class struggles in Europe, Latin America and Asia should be an adequate warning. These struggles, though of a defensive nature are the centre-piece of the emerging worldwide resistance to the new offensive of capitalism. No other class or intermediate strata have shown even remotely the same capacity. The political impact of these struggles are already being felt in some of the countries of Europe and Latin America. In India, one of the biggest “emerging markets” targeted by the IMF and the World Bank, there were four one day general strikes by the Indian working class between 1991 and 1995 which drew in sections of the peasantry and other working people.

Renovating Socialism

The first socialist revolution took place in an underdeveloped capitalist country where semi-feudal relations still prevailed. Lenin had viewed 1917 as a precursor to the German revolution and the world revolution. The German and Hungarian revolutions of the 1918-19 period and other revolutionary upheavals were crushed by the bourgeoisie. "Socialism in one country" was a necessity not the preferred choice. The travails of building socialism encircled by imperialism, the double burden of eliminating pre-capitalist backwardness and catching up with the productive levels of Western capitalism was a heroic endeavour. The socialist potential was vividly manifested in the all-round rapid development of the productive forces, the welfare benefits for all citizens unparalleled in history and the stupendous struggle to defeat fascism. The defects were the birthmarks and part of the heritage of the conditions in which the first socialist state was born. Looking back we can see that the historic achievements of the Soviet Union in the early decades in the face of enormous difficulties had blurred the reality that the transition to socialism is a protracted and complex process. Lenin had warned at the outset itself: "We have only just taken the first steps towards shaking off capitalism altogether and beginning the transition to socialism. We do not know and we cannot know how many stages of transition to socialism there will be". (Coll. Works, Vol 27 page 31) Further Lenin had stated, "The more backward the country, which, owing to the zigzags of history has proved to be the one to start the socialist revolution, the more is it difficult for that country to pass from its old capitalist relations to socialist relations". (Vol 27 page 89)

It must be recognised that a weakness of Marxist theory has been the underdevelopment of the creative thought in study of existing socialism and the development of a new society as compared to its strong and comprehensive analysis of the capitalist system. Without going into a detailed enquiry into the causes for the dismantling of the Soviet Union, the lessons from it have to be grasped so that a coherent Marxist Leninist understanding provides the groundwork

for future progress. To enrich Marxist-Leninist theory and practice some of the salient features which require critical study must be mentioned: (1) Socialist democracy: the institutionalisation of democratic forums and participation of people in the political process and economic management; (2) need for a correct relationship between the State and the Party in a socialist society; and, (3) flexibility in the management of the economy and multiplicity of the forms of ownership of property at different stages.

To build socialism in a world where capitalism retains dominant or substantial strength, requires a theoretical perspective which recognises the paramount lesson that the transition to socialism and the building of socialism, particularly in lesser developed capitalist countries is a more protracted and complex process than it was envisaged under the impact of the October Revolution. The substantial and historic achievements of socialism in the Soviet Union should be drawn upon to develop the theoretical basis for seeing the entire period of achieving socialist revolution and building socialism as a diverse process where there can be no one model. Socialism will be built in a country in a context where capitalist relations and influences will continue to prevail for a long period of time both internationally and domestically. In such a situation the difficult task of building an alternative model of socialist development will require constant raising and rejuvenation of political consciousness by the active participation of the people at all stages of political and economic development. It is here that the vital importance of socialist democracy is located. The sobering and hard lesson for the future is that the absence of democracy in any socialist experiment, the failure to expand and develop the potential of democracy will deform and distort socialism.

The Leninist conception of a party which has been the instrument for revolutionary seizure of power and consolidation of the new State has to be developed in such a manner that the correct relationship between the State and the party is established in a socialist society. This requires ending the misuse of democratic centralism which is a party principle being extended to State functioning. It demands the institutionalisation of democratic forums

in society which are not the sole preserve of the ruling party and the need for pluralism within the socialist framework. Above all, the paramount lesson is that the transition to socialism and the building of socialism, particularly in lesser developed capitalist countries, is a more protracted and complex process than it was envisaged under the impact of the October revolution. Understanding the prolonged nature of the transition to a new society, a fresh look at Marxist theoretical work on economic development. This requires giving up the entrenched notion of public ownership being equated with only State ownership. Different forms of public ownership, other than State ownership, are necessary to prevent bureaucraticism and stagnation. The co-existence of planned and commodity-market sectors will have to be constantly updated and innovated. Central Planning as a singular/centralised model must give way to plans at different levels and the vital element of popular participation. The coexistence with capitalist forms necessitates the continuous ideological struggle against the bourgeois ideology it engenders and its corrupting influences. This is possible only if the revolutionary party does not confine its role to administering the State and managing the economy. The parties in the Soviet Union and East Europe played no role as independent agencies for waging ideological struggle and political work among the people. This in turn is related to the lack of institutionalising socialist democracy which is not possible by merging the ideology of the Party with the State.

Contemporary Relevance of Marxism

At the dawn of the twenty first century, the world experienced the enormous development of the productive forces, the successive waves of the scientific and technological revolution and for the first time an abundance of material goods which can end want and deprivation for the whole of humanity. In contrast to this possibility, the bulk of the world's population lives in hunger, poverty and disease. Capitalism is a system which has resulted in such a sharp divide. For the true emancipation of humanity, class exploitation and imperialism must end. The currents against such exploitation are

reasserting themselves amongst different sections of the working people in various parts of the world. As long as this struggle for human emancipation remains, Marxism will provide the nourishing springs for analysis and for revolutionary movements to transform the world. It is essential for the Marxists of the current generation to carry forward the task of developing Marxism further.

Discarding what is not relevant and taking on board what is new is a constant process in the Marxist method. It will be well for us to remember what Lenin said, “We most certainly do not look upon the theory of Marx as something permanent and immutable; on the contrary we remain convinced that it has merely laid the foundation stone of the science which socialists must advance in all directions if they want to keep abreast of life”. It is appropriate and befitting that the Communist Party of Cuba is sponsoring this International Workshop on the Future of Socialism in the 21st Century to mark the occasion of the 30th anniversary of Che Guevara’s martyrdom. For if there is anything Che’s revolutionary life and work symbolised, it is the striving for perfection in theory and practice inspired by an undying optimism that socialism is the future.

Marxist Alternatives

In the “post-Soviet” and so-called “post-Marxist” era, there are various ideological trends and theories flourishing which deny even the possibility or the necessity to comprehend the world as a whole. Such contemporary currents as post-modernism have arisen in the period of late capitalism which has turned against the very project of enlightenment which marked the early phase of the rising bourgeoisie. Marxism has to refute many of these radical variants within the bourgeois thought. Theories of class convergence, disappearance of class struggle and in practice class collaboration and co-option to the prevailing dominant bourgeois ideologies are a marked feature of the current period. The socialist alternative will have to be kept abreast and by using Marxist theory to refute the many radical variants of bourgeois thought. The record of social democracy in the last decade of the twentieth century shows a total

collapse of the radical vision. Identity politics based on gender, race and ethnicity cannot support a viable socialist project for the twenty-first century. The challenge before Marxism-Leninism is to integrate within the socialist alternative, based on class politics, all the living issues such as gender, environment and racial-ethnic inequalities. Given the constraints of the scope of the paper and the length, we can only briefly deal with two of the issues. In the conditions of contemporary bourgeois society, the question of gender oppression assumes vital importance. This makes it essential for Marxists to unravel the threads linking patriarchy and capitalism. Unlike the decades of the sixties and the seventies, when the feminist movement sought to address issues of gender oppression devoid of class, the present capitalist offensive with “flexible” employment and similar measures making women major victims has brought the class oppression of women into focus.

While looking at working women as an integral part of the exploited classes the social aspects of gender oppression within the class is something Marxist theory must seriously address. The world is faced with a serious threat to the ecology which threatens life and nature on the planet. The ecological problem and the environmental degradation is of global proportions and affects the future of humanity. To recognise this threat is one thing but to pose it as an issue which transcends class and argue for a theory of interdependence with imperialism as Gorbachev did is another thing altogether. It is true that Marxists, particularly in the third world, have not paid sufficient attention to developing a comprehensive analysis to deal with the question of ecology and environment. At the same time it is wrong to claim that Marxism precludes a proper understanding of the issue of environment given its “productionist bias”. A careful reading of Marx and Engels shows that the whole basis of their philosophical understanding was that man is part of nature and his being and life is organically related to nature. As Marx wrote in 1844 “Man lives from nature i.e. nature is his body, and he must maintain a continuing dialogue with it if he is not to die. To say that man’s mental and physical life is linked to nature simply means that nature is linked to itself, for man is part of nature”.

Engels wrote about how the division between town and country affects nature. However in the 19th century Marx and Engels could not have envisaged the global threat to ecology which developed over a sustained period of capitalist development with its profit driven plundering of nature. On the global scale today the threat to the environment is integrally connected to the mechanisms of worldwide capitalist exploitation. Fidel Castro's speech at the Rio Summit in 1992 is a brilliant Marxist exposition of the environmental issue wherein he said "In essence, the North's ecological deterioration has been "exported in large measure to the South as part of a long process of capitalist development". The advanced capitalist countries have to pay its "ecological debt" to the third world. "All too frequently in developed capitalist societies it is clear that ecological concerns are incompatible with the profit principle, the exaggerated desire to consume and the primary objective of individual well-being which are the essential driving forces of those societies". The export of ecological pollution from the richer capitalist countries to the poor countries, the possession and control of genetic resources, the efforts to control and check development of the third world countries using the ecological factor to make up for the lavish consumption and affluent standards of the imperialist countries is to be seen as part of the international class struggle.

Difference between Socialism versus Communism

Socialism is commonly regarded as an economic system that seeks to achieve equality among members of society. Communism, on the other hand, is both an economic system that seeks equality among members of society and a political ideology that advocates a classless and stateless society and rejects religion. It is regarded as a more extreme form of socialism. Socialism and communism both adhere to the principle that the resources of the economy should be collectively owned by the public and controlled by a central organization. They differ, however, in the management and control of the economy. In socialism, the people themselves decide through communes or popularly elected councils on how the economy should

work. This makes socialism a liberal system because majority of the people have a say on how the economy should be run. Communism, on the other hand, controls its economy through a single authoritarian party. It is thus characterized as conservative because the economy functions based on the decisions of a few.

The views of socialism and communism also differ in the distribution of wealth produced by the economy. Socialism supports the view that the goods and services produced should be dispensed based on the productivity of an individual. In contrast, communism believes that the wealth should be shared by the masses based on the needs of the individual. There are two kinds of properties in socialism: (1) personal property that an individual can own and enjoy; and (2) industrial property that is dedicated for the use of producing society's goods. Individuals, for example, can keep their digital cameras but cannot retain a factory that produces digital cameras. While personal properties can be kept, socialists make sure, however, that no private property will be used as an instrument for oppression and exploitation. In comparison, communism treats all goods and services as public property to be used and enjoyed by the entire populace. This explanation brings to the fore our choice of socialism as the only viable alternative to the devastating contemporary global capitalism.

Preview

Today, there is a muscular debate on The “Global Crises of Capitalism”. Our simple question is: Whose Crises, Who Profits? The advocates of global crises argue that beginning in 2007 and continuing to the present, the world capitalist system has collapsed and recovery is a mirage. They cite stagnation and continuing recession in North America and the Eurozone. They offer GDP data hovering between negative to zero growth. Their argument is backed by data citing double digit unemployment in both regions. They frequently correct the official data which understates the percentage unemployed by excluding part-time, long-term unemployed workers and others. The ‘crises’ argument is strengthened by citing the millions of homeowners who have been evicted by the banks, the sharp increase in poverty and destitution accompanying job losses, wage reductions and the elimination or reduction of social services. ““Crises” is also associated with the massive increase in bankruptcies of mostly small and medium size businesses and regional banks.

The Global Crises argument has lost its legitimacy. Critics, especially in the financial press, write of a “legitimacy crises of capitalism” citing polls showing substantial majorities questioning the injustices of the capitalist system, the vast and growing inequalities and the rigged rules by which banks exploit their size (“too big to fail”) to raid the Treasury at the expense of social programs. In summary, the advocates of the thesis of a “Global Crises of Capitalism” make a strong case, demonstrating the profound and pervasive destructive effects of the capitalist system on the lives of the great majority of humanity.

The problem is that a ‘crises of humanity’ (more specifically of salary and wage workers) is not the same as a crisis of the capitalist system. In fact as we shall argue below growing social adversity, declining income and employment has been a major factor facilitating the rapid and massive recovery of the profit margins of most large scale corporations. Moreover, the thesis of a ‘global’ crises of

capitalism amalgamates disparate economies, countries, classes and age cohorts with sharply divergent performances at different historical moments.

Contemporary World Capitalism

Overview

From the *Financial Times* to the far left, tons of ink has been spilt writing about some variant of the “Crises of Global Capitalism”. While writers differ in the causes, consequences and cures, according to their ideological lights, there is a common agreement that “the crises” threatens to end the capitalist system as we know it. There is no doubt that, between 2008-2009, the capitalist system in Europe and the United States suffered a severe shock that shook the foundations of its financial system and threatened to bankrupt its ‘leading sectors’. However, I will argue the ‘crises of capitalism’ was turned into a ‘crises of labour’.

Finance capital, the principle detonator of the crash and crises, recovered, the capitalist class as a whole was strengthened, and most important of all, it utilized the political, social, ideological conditions created as a result of “the crises” to further consolidate their dominance and exploitation over the rest of society. In other words, the ‘crises of capital’ has been converted into a strategic advantage for furthering the most fundamental interests of capital: the enlargement of profits, the consolidation of capitalist rule, the greater concentration of ownership, the deepening of inequalities between capital and labour and the creation of huge reserves of labour to further augment their profits. Furthermore, the notion of a homogeneous global crisis of capitalism overlooks profound differences in performance and conditions, between countries, classes, and age cohorts.

Historical Overview

Two hundred years ago the development of capitalism gained impetus from the industrial revolution. From Western Europe it spread irresistibly across the world. Now, the overwhelming majority of the world's population has been absorbed within its social relationships and the market system. Capitalism has imposed itself on the many different traditions and ways of life throughout the world.

In Western Europe and America, capitalism developed in its more individualistic form through private enterprise. With the state capitalist revolutions of the 20th century it adapted to the traditions of state control as in Russia and China. Capitalism is now the dominant world system, operating in every country either through its private or state forms or a mixture of the two.

Capitalism is a system in which the means of production are owned or monopolized by a privileged minority. The great mass of producers live by selling their labour power for wages or salaries. The minority class of capitalists, including the ruling class of state capitalist countries, lives on the surplus wealth produced by the workers. Goods take the form of commodities which are produced for sale on the market with a view to profit. Capital accumulates through the exploitation of workers: no employer hires workers without the prospect that new wealth will be produced to a value greater than that paid out in wages.

The development of capitalism out of feudalism brought with it an entirely new system of production and distribution. One result of this has been that society has lost control of what is produced. Capitalism developed with the use of labour in a new form: the serf labour of feudalism was replaced by the wage labour of capitalism. What was different about this development was that goods were no longer produced for direct consumption; as commodities, goods came to be produced for sale on the market. In this way, production came to be regulated by the capacity of the market for sales, and therefore society lost direct control over the productive process. This is the position of world capitalism now.

Every brand of government has to accept this basic feature of capitalism—namely production for profit — and no theory of so-called “economic management” has ever succeeded in bringing about policies which have been able to overcome it. Throughout the world we find that human needs are denied while millions are unemployed and production cannot go ahead. The use of labour, on which the life of society depends, is dominated by class interests, the profit motive and all the constraints on social action which inevitably arise from this.

Moreover, capitalism is inherently a system of ruthless competition. Worker competes with worker for jobs; business competes with business for sales and profit; nation competes with nation over commodity sales, spheres of economic and political interest, the control of trade routes and sources of raw materials. Every sphere of life is governed by economic constraints and the destructive forces of competition. In its worst form this gives rise to war with the result that millions of lives have been destroyed during this century. Even in so-called “peace-time” the preparation for war causes a massive waste of labour, materials and technology in the arms race.

The insanities of modern capitalism and its persistent problems arise from the pressure of human needs on an economic system which cannot provide for them. It is an insane system because capitalist society is driven in an uncontrolled way by the anti-social forces of class interests, the profit motive and ruthless competition. This is the main reason why ordinary hopes for peace, cooperation and material security remain denied whilst we are threatened with ultimate obliteration.

The vital question is how do we rescue a world of sanity from this chaos? How do we establish a society which can be organised democratically in the interests of all people?

Such a society can only be organized on the basis of common ownership, democratic control and production solely for use. By common ownership we mean the conversion of the present class monopoly of the means of life into a system where the entire powers of production become freely available for use by the whole

community. This means that land, industry, mining, manufacture, transport, communications and all resources must be held in common by all people.

By democratic control we mean decisions being made by the whole community.

This will not mean that responsibility cannot be delegated to groups or individuals, but that their decisions will be subject to democratic scrutiny by the whole community. To achieve this, workers will need first to combine to remove the power of the state to impose decisions on us from above. Then, we ourselves will be able to take responsibility for the organisation of production and social affairs, and act on our decisions through cooperation.

By production solely for use we mean bringing production into direct line with human needs. Instead of the wages system, work will be carried on as co-operation between producers. Instead of production for sale on the market, goods will become available for direct consumption by the community, and individuals will have free access to what is produced according to self-defined needs. Operating together, common ownership, democratic control and production for use are the only bases upon which society as a whole can consciously regulate social action in the interests of the whole community.

The Political Objective

The question of what would be the basic features of democratic organization in socialism cannot be separated from the objective which the socialist movement is now organized to achieve. Initially, the outcome of the present political work would be the gaining of control of all the powers and machinery of governments. The achievement of this objective will mean that socialist delegates will be in place, locally, nationally and, in the case of bodies such as the European Parliament, internationally.

More than this, the socialist movement is a world movement. The interest of workers is a common world interest and therefore rises above existing national or international political structures. In

representing this interest the socialist movement must take control as a coordinated world movement. In view of the objection that socialist ideas might develop unevenly across the world, the fact should be noted that before an overwhelming numerical majority is achieved, socialist ideas will be in the forefront of political debate throughout the world. Even in Britain, a relative small party of say 20,000 socialists would be in a position to present socialist ideas internationally. World co-operation already exists between the companion parties for world socialism. Linking up through developed organization, a small fraction of the world's population would still constitute a movement of many millions. These millions of socialists would be able to keep socialist ideas before the overwhelming mass of the world's population. In any case, given the nature of communications in the modern world, it is inconceivable that the growth of socialist ideas and organization could be confined to limited locations.

As well as the development of world organization, socialists organized in their local areas would probably prepare programs of action for immediate implementation once the movement has gained control of the powers and machinery of governments. So, two key elements are involved in these developments: firstly, an ability to maintain socialist ideas in the forefront of political argument as the most urgent and practical means of solving social problems: secondly, the preparation of programs of action in advance of the capture of political power. Such programs will no doubt include the ways in which the present machinery of governments could be converted for the purpose of useful administration in socialism.

The exercise of power by the state is one of the ways through which the present class domination of labour by capital is maintained. Therefore the socialist movement must take this power out of the hands of the capitalist class. In the first instance the capture of political control will render the capitalist class powerless. Furthermore, on this basis, with a majority of socialists having taken over democratic control, the common ownership of the means of production will be instituted. This will involve stripping the capitalist class of their monopoly of the means of living and the conversion of

all land, industry, mining, manufacture, transport, energy supply, communications and resources, into the common possession of the whole community. At the same time the state will be abolished and this mean that the socialist movement will lose its political character. What will commence from this point will be the democratic administration of classless society and production solely for needs. As we have suggested, the practical ways in which this will begin, as part of various community actions to deal with problems, will have been prepared in advance of the capture of political control.

When we speak of the abolition of the state, we mean the abolition of the power of the capitalist class to maintain their monopoly of the means of production, and control of society. Any useful feature of the previous state machine would be converted as part of the new democratic administration. Much of the work carried on as part of the existing machinery of government would have to be maintained, modified or expanded. This includes the work of housing, education, health, transport, and welfare departments; strategic planning offices; fire services; or any other body which the community might consider useful. Administration in socialism would therefore dispense with the redundant features of the previous machinery of governments which had maintained and enforce class rule, and adapt and expand all those useful functions necessary for administration to meet human needs. Administration will be democratic at local, regional and wider levels and will take place through democratically elected delegates.

Democratic Decision Making

Although the socialist system of democratic administration may be based on a structure adapted from the existing system of government, it would work in a completely different way. Under capitalism, governments, through their control of the state machinery, lay down the law and impose it on the whole of society, if necessary by force. In Britain, for instance, central government devolves some limited powers of decision-making downwards to the county, borough, district and parish levels. It is also represented

upwards at the European Parliament and the United Nations. But in all these cases the centre of control remains the national government. With socialism this dominant feature of the structure will be immediately abolished. The power of the state, which operates from the concentration of centralized power in the hands of governments, will be replaced by a fully democratic system through which decisions will flow from the broadest possible social base to represent the views of the whole community. A democratic system of decision-making would require that the basic unit of social organization would be the local community which could elect its delegates to a local council which could be given the responsibility for local administration. If, for example, local communities in socialism began by operating from the basis of the existing structure of district councils in England, this would give 332 local communities. This would be a democratic development of the existing procedures for electing local councils which could become the basic means for dealing with day-to-day local issues. Then, regional councils could provide organization through which decisions affecting wider populations could be made at the regional level. Similarly, global decisions could be made by delegates elected to a world council. An important feature of this world organization is likely to be the work of specialist bodies. For example, the Food and Agricultural Organization of the UN (FAO) is easily adaptable for a useful role in assisting world food production. The FAO already functions as a specialized agency of the UN and could operate in association with a world council in socialism. It is organized in 147 countries and has 4,000 planners and technicians drawn from all over the world. It produces scientific papers which bring together research material from many different countries, maintains a library of knowledge on food, agriculture, forestry, fisheries, nutrition, conservation, the environmentally safe control of pests and diseases, etc., and has published a census of world agricultural resources. In 1978 the FAO completed a soil map of the entire world using techniques such as aerial photography and satellite surveillance. This combines details of climates and soils and sets them against specific crop requirements, all of which has built up a picture of potential world food production.

It stores information in its own computer system which has the potential of being linked with a network of computers and thus of communicating with all localities and all parts of production.

In socialism a world specialist body like the FAO could be concerned with co-ordination, assistance and advice. It would be in a position to provide this service against a detailed world picture of all the problems associated with the need to increase world food production in ways which would be safe within the natural systems of the environment. This is not to suggest that such world bodies would be entirely centralized and operating from a single world location. They could operate regionally and locally and their members could be involved in any scale of activity where the necessity might arise.

Other examples of world specialists bodies which could continue to operate in socialism in adapted forms are the International Telecommunications Union, the Universal Postal Union, the International Civil Aviation Organization, the World Meteorological Organization, UNESCO and the World Health Organization. Specialist world bodies could also monitor the reserves and uses of finite materials, the control and use of space and environmental problems in general.

The procedures for electing delegates to the various councils could vary, but would include machinery whereby the councils could be instructed by majority poll. On an everyday basis, the responsibility for deciding upon routine matters could be delegated to such councils, and providing they had sufficient members, they would broadly reflect general opinion. But, in certain circumstances councils would want to ascertain the view of the whole community on specific questions. In these cases a majority poll could be carried out, and the same method could be used to challenge council decisions where this was thought necessary. With modern communications the means for carrying out majority polls would be straightforward and would present no difficulties. In their final detailed form, which would doubtless vary from region to region, the arrangements made for everyday decision-making would be the outcome of the democratic wishes of the whole community.

Society could delegate certain decisions to people who take on the responsibility for running particular parts of production or services. For example, in workplaces committees could be chosen to co-ordinate and organize production, subject to democratic control by all of those involved. Where the numbers of people are few, for example, in the running of small-scale services, no doubt work will be organized along more informal lines. But wherever responsibility has been delegated to an individual or group, this would only be with the consent of the whole community. Democratic checks on councils, committees, groups or individuals to whom responsibility has been delegated, would mean that ultimately control would still be exercised by the community as a whole. The important point to be made about an integrated world system of cooperative decision-making is that decisions would flow throughout the structure upwards from local communities. This would replace centralized control by governments. Such a system would be adaptable, for any purpose, on any intermediate scale between the local and world levels.

The Buying and Selling System

At the present time production is organised on three levels:

1. At the world level, we have the supply of raw material such as the various metals; energy sources such as coal, oil and natural gas; agricultural products such as cereals, wool, cotton and sugar; world transport such as shipping and air freight; and world communications.

2. Industry and manufacture are more regionally based with raw materials being processed for the production and assembly of component parts of machinery and finished goods of all kinds.

3. Although some local production takes place for local consumption, for the most part local organization is concerned with such activities as building, and the running of local services.

This production is carried on as a result of decisions and actions by individuals, small groups and large organizations, which interact with each other and alter the pattern of the whole. This works through communications, and under capitalism, the information

which is communicated between the various parts of production is mainly of two kinds. Firstly, quantities of required materials and goods are ordered and supplied throughout the network of production. This happens from the mining of raw materials through to the assembly of finished products. Secondly, all these worked-upon materials and goods have prices attached to them. So any invoice which passes between the various parts of production specifies both quantities of goods and materials and their prices. A mining company, for example, might supply quantities of iron ore to a smelting plant together with a price. This plant would process the ore and then supply quantities of iron and steel to a foundry, which would convert the iron or steel into component parts of machinery or goods. In their turn, component parts are passed to assembly firms which put together the final product. In final distribution the finished goods pass from wholesalers to retailers and then to buyers. At every stage, these quantities of worked-upon materials and goods are passed on at price which covers accumulating costs plus profit.

We see that under this system of production the entire sequence of work activities is governed at every stage by the possibilities for sales. And one of the claims made by the defenders of this system is that it is the only way to bring together all the dispersed activities which make up modern world production. It is argued that, because buying and selling require goods to be priced, this reduces the many different work activities involved in modern production to a common unit of measurement which is money. It is therefore claimed that the use of money enables modern production to be rationally organized.

But in fact, costing and pricing are not intended for the purpose of organizing production. The function of pricing is to fix costs with a view to making profit. A business must calculate its costs. These include the costs of the materials which it buys in from its suppliers and the costs of its own wages bill. It relates these costs to the time taken by workers to produce a given amount of goods. These accounting procedures are concerned not with organizing production but with calculating costs to which the business must add a figure representing its rate of profit. Unless the market price of the

commodity being produced is higher than the cost of producing it, there would be nothing left for profit, and profit is what capitalist production is all about. Costing is part of calculating profit and this has nothing to do with the practical organization of production. In reality, the market is a barrier against the full use of productive resources.

Even the human commodity, labour power, has a price—in the form of wages. The exploitation of workers means that they receive in the form of wages and salaries less than the value of the goods and services they produce. In practice, costing and pricing are ultimately about calculating the exploitation of labour, enabling the capitalists class to live and accumulate capital from the wealth which the working class produces but does not consume. The value of this surplus is realized in the market through the sale of commodities. This is the economic object of the operation of the market system; it is organised for profit and the accumulation of capital.

No Need for the Market

Socialism will remove every factor of value, cost and price involved in production and therefore there will be no use for money. As marketable commodities under capitalism, bread, shoes, housing and, indeed, labour power are in value relationships to each other which are expressed through prices. In socialism these value relationships will not exist.

Capitalism is an exchange economy which begins with an exchange of workers' labour power for wages and ends with the realization of profit through the exchange of goods for money in the market. Socialism will relate productive activity directly to needs. Production for use will begin with co-operation between producers and end with the direct supply of goods to the members of the community for whose needs they have been produced. Only socialism can be a practical system for the production and distribution of goods directly for consumption.

Socialism could rationalize the organization of world production through local, regional, and world structures which would correspond

generally to the tiers of decision-making which have been outlined in the previous chapter. This could provide organization for any need or purpose. It could provide for the initiatives of small groups or individuals within local communities and at the same time it could deal with problems allowing for society as a whole to act on a large scale and to take a more long-term view.

Practical Possibilities

In practical terms, needs would arise in local communities expressed as required quantities of machinery, equipment, building materials, and the whole range of foods and consumption goods. These grams, kilos, tonnes, litres, cubic metres of required materials and goods would then be communicated throughout the distributive and productive network. The monitoring and communications of needs, expressed as a demand on stocks or required production, would be clear and readily known. The supply of some needs would take place within the local community, as for example with food production for local consumption, local building, maintenance and the running of local services.

Other needs would be communicated to regional production units. For example, local building might require glass for housing which was produced regionally. A local need for glass would then be communicated through the distributive network and would pass to the regional glassworks. In its turn, the glassworks would have its own suppliers of the materials used in glass production, so the required quantities of these would then be passed on. This would be the sequence of communications through which a local need for glass would be transmitted to every unit involved in glass production within a region. Other needs would be communicated throughout the structure of production up to a world scale. Local food production might require tractors. Regional manufacture would produce and assemble the component parts of tractors for distribution to local communities. These would be required in a definite number and therefore a definite number of required component parts would also be known. Again, the tractor-producing plant would communicate

these requirements to its own suppliers. Eventually this would extend to world production units which would be mining and processing the raw materials, such as metals, required for tractor production.

This could be a self-adjusting system of production for use. It would operate with the communication of needs expressed as required quantities of materials and goods, at the local, regional and world levels. The abolition of the market system would remove every element of exchange, the use of money, and all cost/price factors from the operation of production. This would leave all the useful features of production to be freely operated directly for needs through social co-operation.

There is no doubt that production for use would be greatly assisted by modern communications. Traditionally this has meant means of transport such as roads, railways shipping and, later, air transport. These were assisted by the development of postal and telephone services. Now electronic communications through satellite links provide for instant world-wide contacts, and computers enable millions of bits of information to be stored and processed. Modern information technology could be used in socialism to bring into direct relationship various dispersed but connected parts of world production. This would be particularly useful for monitoring the position of stocks, productive capacity and resources.

Production for use without the market would also solve the seemingly perennial problem of economic instability. Because the forces of the market govern capitalist production, it moves through uncontrolled cycles of expansion and contraction. During “boom” times production expands. However, during a “boom” some industries produce too much for their particular market. Competition to sell the excess commodities reduces prices, leading to reduced profits, or no profit at all. Companies then scrap plans for further investment, reduce output, and sack workers no longer needed. This in turn affects the markets for other industries and, if the combined effect is large enough, results in a depression and high unemployment. Without the market, production for needs in socialism could not be constrained by the limits of market capacity. In fact there would be an immediate expansion of production to

satisfy needs. Whereas “over-production” is a permanent problem for capitalism, in socialism, when production had realized its aims, it could be adjusted without any of the destructive effects of a depression under capitalism. Production for use could make available a permanent stockpile of some useful materials, in excess of immediate needs. While there would be no point in stockpiling ever greater reserve supplies, nevertheless current production could aim at “topping up” available reserves as these were distributed for use.

Planning and Development

Overview

The profound crises of 2008-2009 provoked a spate of questioning of the capitalist system, even among many of its most ardent advocates (*Financial Times* of 1/8/12 to 1/30/12) criticism abounded. 'Reform, regulation and redistribution' were the fare of financial columnists. Yet the ruling economic and governing class took no heed. The workers are controlled by door mat union leaders and lack a political instrument. The rightwing pseudo populists embrace an even more virulent pro capitalist agenda, calling for across the board elimination of social programs and corporate taxes. Inside the state a major transformation has taken place which effectively smashed any link between capitalism and social welfare, between government decision-making and the electorate. Democracy has been replaced by a corporate state, founded on the revolving door between Treasury and Wall Street, which funnels public wealth to private financial coffers. The breach between the welfare of society and the operations of the financial architecture is definitive.

The activity of Wall Street has no social utility, its practitioners enrich themselves with no redeeming activity. Capitalism has demonstrated conclusively, that it thrives through the degradation of tens of millions of workers and rejects the endless pleas for reform and regulation. Real existing capitalism cannot be harnessed to raising living standards or ensuring employment free of fear of large scale, sudden and brutal firings. Capitalism, as we experience it over the past decade and for the foreseeable future, is in polar opposition to social equality, democratic decision-making and collective welfare.

Socialist Planning and Development

Socialism will deal with problems on the basis of common ownership, democratic control and production for use. With useful labour acting in co-operation, socialism will release vast resources of human energy and skills in the interests of the whole community. The strategy for the deployment of these resources is given now by the nature of existing problems, which only socialism can solve. Socialism must immediately stop people dying from hunger; it must ensure adequate world food production. It must house the world's population in comfort, providing for the basic necessities of piped clean water, drainage systems, decent cooking facilities and so on. In socialism we must establish a safe world energy supply, stop pollution and adopt techniques which could work within the natural systems of the environment in non-destructive ways. We must bring into balance the world distribution of means of production and transport systems, storage facilities, etc. We must extend health services, education facilities, and further develop communications of every kind. For this work, socialism would begin with a structure of production which is distorted by waste and the arms race, and is inadequate for all the real needs of the community.

These aims would have to be accomplished in some order of priority. They could only be achieved in stages, doing what was manageable in the first instance, monitoring the progress made and then taking further steps. They would provide an overall direction for day-to-day initiatives in various locations as part of world-wide co-operation. They are given now by existing problems which socialism must solve.

For the purpose of planning the development of production, information could be brought together through the work of information centres, which could collate the appropriate statistics. Such information centres could exist on local, regional and world levels. On the smallest local scale, information centres could monitor the position of stocks and productive capacity to meet local needs. By collating these statistics, regional information centres would be in a position to know the complete picture throughout the region. This

could be achieved by also monitoring the position of stocks, productive capacity and needs among regional production units. A world information centre could collate regional statistics in a similar manner. This would be a connected but decentralized world information system providing any combination of information that people required.

Such planning could be concerned, for example, with housing, education, health services, land use, building, environmental problems, and provision for safety. Planning could also put forward specific proposals for developing the structure of production to provide for agriculture, energy supply, mining, industry, manufacture, transport, communications, etc., throughout the localities and regions. Such proposals for development could be placed before the democratically elected councils which could have various options open to them. Here again delegated function would be important. For some proposals, perhaps the sitting and construction of a new factory or workshop, or the use of land for housing, sports facilities, or any other purpose, these councils could be delegated the responsibility for making a decision. The practice of delegating various functions and responsibilities is one which would operate within democratic checks.

For informed decisions on larger-scale development, councils could have the option of setting up a public planning enquiry. Such enquires are already in use under capitalism, but their reports and recommendations are not subject to democratic decision. Such enquiries in socialism would assemble information on the widest possible basis from any relevant or interested source. This process would involve considerations about priorities of need, the materials required in relation to their world supply and reserves, the proposed technology in relation to alternative technologies, conservation, protection of the environment, available skills, and so on. As with planning in general, the function of such enquiries would not be one of decision-making. Their essential work would be to collate information and issue a report, so that community decisions might be better informed.

Initially in socialism, some regional communities, as part of their world responsibilities, would no doubt have to respond to the needs of people in other, less developed regions. In these places, although people would be doing what they could on their own initiative, it is overwhelmingly likely that they would have urgent needs which they would be unable to meet themselves. This would apply particularly to areas where the means of production are less developed than in others. An example of this is in agriculture; currently, for every 1,000 hectares of arable land in Europe, there are 60 available tractors and over 6 combine harvesters, while in Africa, for the same land area, there are only 2 tractors and 0.2 combine harvesters. In South America, where food production could be vastly increased through irrigation schemes, of the 108 million hectares of arable and permanent crop land in use, only about 6 million (5.5%) are irrigated.

Similarly in Africa, only 4% of the arable land is irrigated. This would mean that in view of the urgent need to increase food production and to assist with greater self-sufficiency of local food production in all places, initially the regional centres of developed industry and manufacture would need to supply machinery, installations, storage facilities, and to assist with irrigation schemes in these areas. Also, there is likely to be an urgent need for the setting up or improving of services and infrastructures such as those needed for health, transport and communications. This would be part of inter-regional co-operation. A world planning office, assisted by specialist world bodies, could present proposals for such inter-regional co-operation, through a world council. A world council would be comprised of delegates from every region, and would also have direct links with every kind of regional organization. Nor would inter-regional co-operation in socialism arise solely as a result of uneven development in capitalism. A safe world energy system would be necessary treating the world as a single resource and as a common environment for all people. The utilization of natural materials would also be a matter of world concern. Inter-supply of some foods would take place between the tropical and temperate regions. Therefore inter-regional cooperation and development would be a necessary feature of world organization.

Eliminating Capitalist Waste

It is often claimed that competition in the market brings about efficiency of production. It is even claimed that it maximizes the use of productive resources in the interest of society. But in reality the destructive waste generated by the market system is so vast and complex that it is impossible to measure it precisely. An idea of the extent of present waste can be gained by assessing whether a particular employment is connected with providing for real needs, or whether it is only involved with the operation of the market or the safeguarding of the property interests for which the market is organized.

For example, does a bank worker contribute to real needs? In their work, bank workers spend the day counting out money or transferring totals from one piece of paper to another. Under capitalism it is obviously an indispensable employment. But this work arises from the lending and borrowing of money for investment and purchasing, bank account facilities, and so on, and therefore the work is inextricable bound up with production for sale at a profit and the day-to-day operation of the market system. It is not useful work necessary for the production of goods and the running of services for needs. It is part of the market system which maintains an economic barrier between useful production and human needs.

If to banking we add insurance and finance generally we are talking of about a million workers in Britain alone whose employments are socially useless from the point of view of real needs. But the waste does not stop here. All these functions are serviced by other workers. For example, bank workers are carried to work by transport, they work in buildings which required maintenance, they use equipment such as computers. This involves other workers from mining, industry, manufacture, building, transport, energy supply. In this way the administration and servicing of the profits system involves circuits of waste which pervade the entire structure of production.

There are many other examples of employments which are necessary for the profit system, but which would be immediately

redundant in a socialist society—legal workers, chartered accountants, cost accountants, estimators, valuers, claims assessors, underwriters, brokers, taxation workers, marketing and sales personnel, advertisers, social security workers, cashiers and check-out assistants, police, prison workers, security guards, charities, armies, navies, air forces, armament workers, defence establishments, etc., etc. The armed forces in particular waste vast resources. They use millions of people, and divert the most advanced techniques of applied science. On a world scale, tens of millions of people are involved in the war machine. With the abolition of the armed forces these vast resources of energy, skills, materials, and technology, would all become available for useful production in socialism.

Moreover, wars, large or small, are always going on in capitalism, and means of production are constantly being destroyed. War objectives include the destruction of industrial networks and communications systems. In the wars of this century the destruction of factories, industrial equipment, buildings, railways, roads, bridges, represents a vast amount of waste. It also involves a massive waste of the labour used in their construction. In a sane society, all such means of production would serve out their useful lives for the benefit of the community. Instead, we have capitalism and they are destroyed in war.

More than any other kind of destructive waste, the human and material resources involved in the world's military symbolise the political and economic insanities in which modern society is entrapped. This is demonstrated too by the work of bodies like the British Government Communications Headquarters (GCHQ) at Cheltenham. This title is a euphemism for an elaborate spy network which employs about 9,000 people in the headquarters and throughout the worldwide network of listening posts known as the Composite Signals Organisation which spies on all other countries. It has its counterpart in America, the National Security Agency, and its equivalent set-up in Russia. Nothing could be further removed from world co-operation and the work of providing for needs.

This example of destructive waste involves the most sophisticated communications technology. At GCHQ they have in

use the CRAY 1, one of the world's most powerful computers, with a capability of making 150 million calculations per second and of storing 30 billion words. In socialism this technology and the highly skilled people involved could become part of a world information system. As has been stated, such a system could be utilised throughout the world for the useful work of monitoring production for needs bringing together a common pool of world information, with all people having free access to it.

Other people who are at present wasted under capitalism are the unemployed. They represent the whole spectrum of human skills forced into idleness while human needs are denied. This in itself constitutes the self-evident proof that the capitalist system maintains an economic barrier between production and needs. A final acute problem of wasted labour arises from world-wide poverty. World population is about 5,700 million. That figure is set to reach 6,000 million by the year 2000. Estimates of the number of hungry vary. According to the US President's Science Advisory Council 450 to 500 million people are hungry. The World Bank's estimate (using different criteria) is 730 million without enough to eat to enable them to have an active working life; of these 730 million 340 million have diets insufficient to prevent serious risk to health and they suffer arrested mental development and have stunted growth. There are also millions who live below the official poverty lines in the so-called "developed" countries. All these people are demoralized, unable to develop their potentialities as useful members of the community.

The full extent of waste under capitalism is impossible to quantify precisely. But taking account of the main features, we can estimate that, with the elimination of all of capitalism's wasted labour and materials, socialism will probably be able to at least double the numbers of people available for the production of useful goods and services directly for need.

Choice of Productive Methods

We have emphasized that under capitalism work takes the form of employment and that this is a means to an economic end — profit

and capital accumulation. Work in capitalism is not therefore simply a source of wealth production, and capitalism is not primarily a system for producing and distributing necessary goods and services.

Moreover, capitalism is governed by economic laws, which cannot be socially controlled. Since the possibilities for profit and capital accumulation are given by the possibilities of sales in the market, the competition between business enterprises determines the way in which production is generally structured. Whatever line of commodity production we look at, we find that production is organized in relation to market capacity and at all times under capitalism the capacities of markets to absorb goods for sale are less than the potential ability of society to produce and distribute useful goods. This means that the powers of production which exist are not fully used.

Gains in Productivity?

It is true that the development of capitalist production has been accompanied by increase productivity of labour, but the gains have been largely dissipated by waste and the rate of productivity has also been grossly exaggerated. For example, there are fewer workers directly employed in British agriculture today than fifty years ago while outputs have increased. But the increase in productivity cannot be calculated from a simple relationship between the numbers of farm workers and output. British agriculture has become capital intensive and other inputs such as fertilizers, pesticides, weed killers, etc., have increased. This has involved a reorganization of the structure of production whereby workers in manufacturing and in the chemical industry are now involved in agriculture.

When all these factors are taken into account the real gains in productivity are much less than is commonly supposed. The position with British capitalism is that productivity increased between half and one per cent per year between 1900 and 1950.

Factors that have kept the rate of productivity down in capitalism are (i) competition, (ii) economic constraints, (iii) class conflict.

i) Competition

Competition creates situations such as the following. An enterprise, having invested in a process in a particular part of production expects its costs of machinery, plant, buildings, to depreciate together with the production of commodity values which have been realised through sales. But if a competitor producing similar commodities for the same market invests in a more efficient process through which it can produce goods more cheaply but still profitably, then the first enterprise is faced with a choice. It can either reduce prices and make less profit, an option which cannot last, or it can write off its investment and reinvest in a more efficient process. In this way, useful means of production are written off, either because they are less profitable in use than the most up-to-date techniques, or through bankruptcy. Such machinery and equipment represent useful social labour which has not been fully used. This subtracts from productivity. It represents wasted labour.

ii) Economic constraints

An example of the economic constraints imposed by capitalism is the fact that investment decisions must always be made against projections about market capacity which is inherently unpredictable. Market capacity constantly fluctuates and no-one can foresee how it will behave. Depressions see a reduction of market capacity and a corresponding cutback in production, with millions of unemployed. But this does not only involve workers being made idle. It also means machinery lying idle in mining, industry, manufacture, transport, agriculture. This again subtracts from the overall productivity of labour.

iii) Class conflict

In defending their position under capitalism, workers often actively resist the development of new productive techniques. They do this in an attempt to protect and conserve their jobs within the existing organization of production. In general, changes in productive technique are a threat to their position under capitalism. In addition, many workers engage in a range of subtly organized restrictive

practices in an attempt to defend their jobs. For many workers in capitalism, employment has no social meaning. It is a crude economic exchange—their labour power in return for the wages or salaries they need to live. It is not surprising, then, that the work process in capitalism is frequently pervaded by cynicism and worker disaffection. This atmosphere of wage labour is in sharp contrast to the spirit in which people can co-operate to complete a task when it is under their control, is in their interests and is not constrained by economic factors. Industrial strife and the meaninglessness of the work process in capitalism subtracts from the social productiveness of labour.

Socialist Production

There are sound reasons for saying that in socialism the productiveness of social labour would be greatly increased. Historically, productive technique has seen a development from hand tools through machinery and conveyor belt systems to automation and now robots. But, as we have seen, the nature of capitalism is such that it can never use the technology available to its full extent. Within the freedom of work carried on in cooperation directly for needs, socialism could set up automated systems handling materials through sequences of production and minimizing the direct application of labour to the materials involved. The use of programmable robots which can be adapted to different operations means that these could also be produced in quantity by standardized methods of automated production. This provides the technical possibility that automated systems of manufacture, which would be flexible in use, could themselves be produced through these systems where necessary. Such automated systems using programmable robots allow for high volume, high quality production around the clock.

When these technical factors are considered, together with the increased number of people who would become available for useful production and the wide spectrum of skills which they possess; when it is considered that the setting up of these systems could be rapid

and entirely free from the constraints of profit; that their intensity and duration of use will be unconstrained by the limits of market capacity; that such standardized means of production could be put into operation in the most efficient way throughout the world structure of production; that throughout this structure social needs could be immediately communicated; that it would be the experience of every participant that their every action would be directly in line with mutual needs; then it can be seen that socialism could release enormously increased powers of production.

We are not here suggesting that the highly developed use of such automated systems would necessarily become the dominant method of production in socialism. In socialism we would be free to adopt the most advanced “labour-efficient” techniques where they were considered to be necessary or appropriate, but what was necessary or appropriate would also take into account needs other than those of a strictly material kind. Work itself is an important need and care of the environment and conservation are also vital. Other factors must also be taken into account such as social safety and the protection of other species.

So socialism would be unlikely to use methods like conveyor belt systems which reduce workers to mechanical functions as a way of maximising output. This cannot satisfy the need for work as a fulfilling activity. Socialism would be unlikely to follow the example of capitalism in energy production where a cheap and competitive way of converting fossil fuels into electricity causes massive release of pollutants into the atmosphere. Socialism would not need to take the risks involved, as capitalism may be obliged to do, in the construction and use of fast breeder nuclear reactors. Massive inputs of fertilisers may be a necessary part of the competitive production of food in capitalism but socialism would be unlikely to want to saturate the land with harmful chemicals. The confinement of animals in the dark and in cramped spaces may be part of the most “labour efficient” method of converting cereal inputs into meat products, but socialism would surely not carry this on.

Conserving Resources

In changing the productive relationship between people, socialism will change the relationship of society to nature. These go together. Capitalism is not simply based on the exploitation of labour. It exploits anything in nature that it can get its hands on. This means that before society can control its impact on the environment, it must first be able to consciously regulate its own actions. In order to “co-operate” with natural systems, society must first cooperate within itself. Human beings are a part of nature, but we also view nature as something separate to be used to provide us with the material means of life. In capitalism, when we view the natural environment, we not only see land, seas, forests, river valleys and deserts as spectacular and beautiful landscapes, but we are also aware that they contain resources such as coal, oil, natural gas, various metals such as iron ore, copper, tin and many other materials. These natural resources are not just useful raw materials but they also exist in an economic form. They not only provide the basic elements for producing useful things, they also represent potential profit for the capitalist class.

A farmer does not view land simply as land, a useful resource for the production of food. In the eyes of agribusiness, land is also an element of capital, operating for profit and further capital accumulation. An oil or mining company does not view oil reserves or iron ore deposits simply as useful features of the natural environment. It views them as resources to be exploited for the benefit of capital.

As capitalism has spread across the world to become the dominant world system, so has the entire planet come to exist in a economic form in which human labour works on the natural environment for profit. Capitalism exploits labour working on natural materials. It does so blindly in accordance with economic laws which cannot be rationally controlled.

This means that the impact of production on the environment is hardly taken into account; it can only be a secondary consideration to the main purpose of capitalist production—profit. Compelled by the profit motive and the development of its war machinery, world

capitalism is altering natural systems on a scale which endangers their self-recovery. As a result of its destructive production methods, capitalism releases millions of tons of sulphur dioxide into the atmosphere, increases the level of radioactivity in the environment saturates the land with industrial chemicals, creates deserts, pollutes the rivers and seas. Forests and life in the rivers and lakes of Scotland, Canada, Scandinavia, Siberia, Poland and Germany are being killed off. Apart from the desolation, all this combines to form massive unknown risk and threatens alteration of the balance of natural systems on which human life depends.

Care of the environment is not primarily a technical problem. It is a problem arising from the social relationships of production. By freeing labour from its exploitation by capital, socialism will also free the natural environment from this same exploitation. With a direct relationship of work activity to needs, socialism will be free to work with methods which ensure the care of the environment. The fact that such methods might involve the use of more labour will not matter. Socialism will have an abundance of labour to work with in providing for needs and will not be constrained by the profit motive and competition to use the least amounts of labour in production. The aim will be to organize production in ways which will minimize the negative effect on the environment.

Socialism would have no difficulty in adopting a practice that is impossible under capitalism. This would be the practice of “conservation production”. Socialism would protect the balance of natural systems and would also conserve natural materials. The profit motive involves a plundering of natural resources against a background of market pressure to constantly renew capacity for sales. Cheap, shoddy articles and “throw-away” goods involve a massive loss of materials. Design for “built in obsolescence” is deliberately aimed at a short time of use. The rotting hulks of millions of cars and other consumption goods are the ugly evidence of massive waste. No sane society would burn millions of tonnes of oil and coal in power stations without considering the alternative technology which already exists to produce electricity.

Socialism would avoid the loss and destruction of resources. It would require means of production, and the community would require consumption goods, but these could be designed and produced in a way which would conserve materials. Such design could aim at a minimum of wearing parts, which, with simple maintenance, could be easily replaced and the materials re-cycled and used again. The parts not subject to wear could be made from durable materials, and if for some reason equipment or goods became redundant, their materials would be available for other uses. The materials lost from wearing parts would be a small fraction of the total materials in use. This practice of conservation production would mean that once materials became socially available after extraction and processing, they would be permanently available for use in one form or another. A useful analogy is with gold. A small amount may be lost through accident, but because it is a precious metal most of the gold that has ever been mined throughout history is still socially available. For this reason it is said that gold mined by the early Egyptians is still in use. Conservation production would mean the bringing into use of means of production of all kinds, permanent installation and structures, durable consumer goods, all designed and produced to last for a long time and, even when redundant, capable of being re-cycled for other uses. In this way, materials would be available as a lasting resource.

Socialism can and will make greater use of productive techniques directly for needs but this would not result in unlimited production of material goods. The principle which would apply would be production solely for needs. What is meant by production for needs? It should be commonly agreed that society should provide for all its members enough good quality food, clothing, housing, piped clean water, sanitation, energy for eating, lighting and cooking facilities, health services and education facilities, entertainment, communications, means of travel and recreation. If this is accepted then the first task of socialism would be to apply its productive capacity for the supply of these materials goods and services to every member of the world community. This would involve a rapid

expansion of useful production achieved through a definite strategy of development.

The work involved in setting up necessary means of production will mean that they are available for a long time and this work will call for a high peak of initial activity. But as these become available for use it is evident that the need for them will reduce. In this way production could fall, and the community will need only to concern itself with the day-today production of goods for consumption, the running of services, and maintenance. This could also have an effect on social organisation. The practical means which we have outlined for the supply of information, planning and decision-making would be mainly called for by the need to adapt and develop the structure of production. Here we are talking about irrigation schemes, a safe world energy system, housing, drainage, clean water, roads, bridges, transport, communications systems, etc. These are the kinds of projects which would call for world co-operation in the supply of information, planning and decision-making. But after these have become available for use, not only might production fall but the need for information, planning and decision-making might also be reduced. So it can be envisaged that the centres of organisation, involved initially at the world and regional levels, could give way to more local administration for the work of providing for daily needs, the running of services and maintenance.

What is possible here is a self-regulating society with work activity in balance with daily needs and in balance with the environment. What this could mean is that providing for the necessities of daily life would be more under local control and on a more self sufficient basis involving reduced amounts of social labour. This would widen the scope for individual development, releasing talents and skills in diversity of expression. What we can be sure of at any rate is that socialism will not go on and on with the increased production of goods and services for the sake of it. This would be a self imposed treadmill. We would not follow the example of capitalism where life's objectives are focussed on the acquisition and consumption of material things. It will of course be important that people's material needs are satisfied but the concept of needs will no

longer be based on the idea that increased happiness comes with increased consumption and possessions. Such an illusion, expressing the values of a market society fraught with insecurity, will give way to a responsible self-determined appraisal of needs which will reflect the sense of security and belonging inherent in a socialist society.

Human Needs Denied

Under capitalism, production begins with an exchange of the worker's labour time for wages and ends with the sale of commodities on the market, the object of this being profit and capital accumulation. The denial of human needs resulting from this is not solely of a material kind. The function of wage labour also involves the economic isolation of the worker and a denial of the need for co-operation. In the capitalist economy, the wage worker functions as a seller of labour power and just as commodity goods compete for sales on the market, so does wage labour compete on the market. This conditions the way we see ourselves. But the idea that we are "naturally" competitive is a false one which seeks to justify the competitive nature of capitalism. The human species could never have succeeded without co-operation and, even now, without it life would be impossible.

Co-operation is to be seen now in the many voluntary organizations which exist. Trade unions, sports organizations, horticultural societies, archaeological societies, local drama groups, the Red Cross, charities, all these operate mainly through voluntary co-operation. The daily life of families would be impossible if all the work involved took place only with paid labour in competition. Similarly, in emergencies, it is often voluntary effort which plays a large part in coping. The long miners' strike in 1984-85 depended on voluntary co-operation amongst the miners and their families. The response of ordinary people to the plight of the world's starving shows the concern which exists. The medical and other volunteer workers who take risks in going to areas of destitution and the way people help one another in times of flood or earthquake, all testify to the spirit in which people can co-operate. It is social co-operation

which is the permanent basis for human existence and it is the economic competition of capitalism which actively prevents the need for co-operation from being fully realised. And it does this at tremendous human cost. Competition generates conflict, stress, insecurity, the isolation of the individual from others, and anxiety. It tends towards instability and the fragmentation of relationships. Co-operation brings about the reverse of these things. It means that the object of the individual and the group are the same and that all share a common interest. Therefore the efforts of one enhance the interests of all. In co-operation the individual develops in mutual accord with others and this provides for self-realisation, personal security and integration. Through this, individuals have a stronger sense of their own identity and therefore a sense of meaning in their lives.

Modern production is social production. This means that what society can achieve depends upon individuals doing different things in different places, but that all these link up with the effect of improving the quality of life for everyone. But capitalism increases competition in social production and forces all those involved to be economically isolated from each other. So far as the wage worker contributes useful labour to the production of useful goods and services, he or she is involved in world-wide social production. But this is not what capitalist production is primarily about. At every stage, all this work activity is dominated by the economics of production for sale at a profit. This forces workers into competition, individual isolation, and drains the work of its social meaning. As sellers of labour power on the market, wage workers are not in a direct relationship of co-operation with other workers. They exchange their labour power for the wage packet. It is this exchange which dominates the experience of work and not the element of cooperation with other workers. In work, wage workers are not responding to their own social motivations, but instead work is a response to the economic pressure to become employed, to keep a job, to get money to meet personal needs and the needs of dependants. Workers are governed by the market for labour which is itself governed by the market capacity for the sales of goods at a

profit, and the way that work is organized is determined by the techniques and methods which are profitable. Wage workers have not direct control over these forces which dominate their lives. All these factors combine to isolate workers and force them into competition with each other, while individual and social needs go unmet. Such isolation, absence of control and insecurity generate stresses and anxieties which damage personal and social relationships.

Human Needs Fulfilled

In socialism, the human capacity for co-operation would be set free to operate where it matters most—in the organization, production and distribution of goods and the running of services. Co-operation would then operate throughout the entire structure of society. This will bring work under the democratic control of those who carry it out. It will be the self-determined activity of individuals, responding to the needs of the community of which they form a part and having responsibility and the real power of decision-making and action. There are few problems which cannot be solved by useful labour, acting throughout the world in co-operation. This is the prospect that world socialism holds. In place of the far reaching divisions which separate capitalist nations, divide them into antagonistic classes, and extend to wage workers in competition with each other, co-operation on the basis of common ownership can bring the world's people together. This will be the true power of social action. Combined with the powers of production which already exist, co-operation in socialism would, in a relatively short period of time, deal with problems that now appear to be beyond control.

Local Organization

In outlining some of the ways in which socialism could be organized, we have emphasized local organization. Local organization would not prevent society from organizing on a world-wide basis. It would mean that decisions and actions affecting local populations could be dealt with at a local level, but local action would also be part

of regional and world co-operation and, indeed, the different scales of organization necessary would enable the individual to think and act both locally and globally, as a member of the world community.

The concept of “local life” is one which expands with extended communications and the idea of what is “local” becomes more difficult to define. The world problems of modern society mean that every individual is affected by matters of world concern. Modern production is world production. The life of every individual is affected by the ways in which modern production uses particular production methods. More than this, the quality of life may be expanded by variety, made possible by world contact. It is often said that the spread of world capitalism is obliterating the variety and distinctiveness of local and regional cultures. This is true, and in a socialist society there will be no obstacles whatever to cultural diversity. But contact and communication have also brought gains. The intermingling of cultures can mean enrichment and diversity in the experiences of every individual. We can now speak of the world as a “global village”.

When Armstrong stepped out of his space craft and set foot on the moon, communications enabled many millions of people to feel involved with a single human event in space. These are the technical means through which the involvement of the individual with the wider world community can be realized. But this requires more than technique. It requires a social basis which can provide the individual with responsibility and the real power of decision-making and action in co-operation. Capitalism cannot do this; it is a society in which the individual is a passive spectator swept along by economic forces over which he or she has not direct control. Only socialism can give this social basis since it is built on common ownership, democratic control and production for need and allows individuals to realise their full potential as human beings.

In Retrospect

In this book we have referred to the disillusion that exists through the failure to solve problems. Central to this disillusion has

been the mistaken idea that the nature of the present system can be changed by reformism of one kind or another, or by state control. In Britain and elsewhere, various governments have been formed with the intention of changing the nature of capitalism, so as to bring about a society which could work in the interest of the whole community. It was always inevitable that such ideas would fail. Far from being able to control capitalism, all governments have found themselves dancing to the tune played by economic forces.

The futility of reformism is not only easy to prove in theory. It is also demonstrated by the practical failure of reform policies. No government has succeeded in controlling the economy or the market system for the benefit of the whole community. The capitalist system is not only still intact, but it has developed on a world scale as a gigantic structure of exploitation. As a consequence, its inherent problems have also grown to world proportions. Its essential contradiction is that while it involves social production, the means of production are owned privately or, if not, monopolized through the state. Capitalism subordinates the entire world structure of production to privileged class interests and the anarchy of the market. These relations of production, the relations of wage labour and capital, can only be removed from the structure by a democratic majority of socialists undertaking a single, conscious political act, the enactment of the common ownership of the means of living.

This change in productive relationships will bring social production into accord with social ownership and therefore into accord with social needs. The necessary means of achieving socialism are determined by the nature of socialism itself. A society organized as a result of conscious democratic control can only be established by conscious democratic means. The ends and means are inseparable. The work of establishing socialism is already being carried on by the movement for world socialism, but it is vital that its rapid growth be ensured by all who identify with its aims.

To those who might think that the establishment of socialism is too big a job, or the action could be better directed at “improving” capitalism, we say that those who took the same view in years past contributed by default to the present status of society. The challenge

of responsibility must be accepted. There can be no opting out without allowing capitalism to continue on its uncontrolled and destructive course. A sane society cannot be postponed without accepting the consequences of postponement. There is no way to “improve” capitalism except to work for socialism and the growth of the socialist movement. Any addition of new members to the existing socialist parties carries with it political implications of the most far reaching revolutionary nature. The only power which can change capitalist society is the democratic power of a majority of socialists acting in world co-operation. By becoming part of the action to build this organisation and comradeship on a world scale we can act positively, and we can act now.

It is utterly foolish and hypocritical to argue for a “global crises” of capitalism when several of the major economies in the world economy did not suffer a major downturn and others recovered and expanded rapidly. China and India did not suffer even a recession. Even during the worst years of the Euro-US decline, the Asian giants grew on average about 8%. Latin America’s economies especially the major agro-mineral export countries (Brazil, Argentina, Chile,) with diversified markets, especially in Asia, paused briefly (in 2009) before assuming moderate to rapid growth (between 3% to 7%) from 2010-2012.

By aggregating economic data from the Euro-zone as a whole the advocates of global crises, overlooked the enormous disparities in performance within the zone. While Southern Europe wallows in a deep sustained depression, by any measure, from 2008 to the foreseeable future, German exports, in 2011, set a record of a trillion Euros; its trade surplus reached 158 billion Euros, after a 155 billion euro surpluses in 2010. (*BBC News*, Feb. 8 2012).

While aggregate Eurozone unemployment reaches 10.4%, the internal differences defy any notion of a “general crises”. Unemployment in Holland is 4.9%, Austria 4.1% and Germany 5.5% with employer claims of widespread skilled labour shortages in key growth sectors. On the other hand in exploited southern Europe unemployment runs to depression levels, Greece 21%, Spain 22.9%, Ireland 14.5%, and Portugal 13.6% (*Financial Times* of 1/19/12, p.7). In other words, “the crises” does not adversely affect some economies, that in fact profit from their market dominance and techno-financial strength over dependent, debtor and backward economies. To speak of a ‘global crises’ obscures the fundamental dominant and exploitative relations that facilitate ‘recovery’ and growth of the elite economies over and against their competitors and client states. In addition global crises theorists wrongly amalgamated

crises ridden, financial-speculative economies (US, England) with dynamic productive export economies (Germany , China).

The second problem with the thesis of a “global crises” is that it overlooks profound internal differences between age cohorts. In several European countries youth unemployment (16-25) runs between 30 to 50% (Spain 48.7%, Greece 47.2%, Slovakia 35.6%, Italy 31%, Portugal 30.8% and Ireland 29%) while in Germany, Austria and Holland youth unemployment runs to Germany 7.8%, Austria 8.2% and Netherlands 8.6% (*Financial Times* of 2/1/12, p2). These differences underlie the reason why there is not a ‘global youth movement’ of “indignant” and “occupiers” .Five-fold differences between unemployed youth is not conducive to ‘international’ solidarity. The concentration of high youth unemployment figures explains the uneven development of mass- street protests especially centred in Southern Europe . It also explains why the northern Euro-American “anti-globalization” movement is largely a lifeless forum which attracts academic pontification on the “global capitalist crises” and the impotence of the “Social Forums” are unable to attract millions of unemployed youth from Southern Europe .They are more attracted to direct action. Globalist theorists overlook the specific way in which the mass of unemployed young workers are exploited in their dependent debt ridden countries. They ignore the specific way they are ruled and repressed by centre-left and rightist capitalist parties. The contrast is most evident in the winter of 2012. Greek workers are pressured to accept a 20% cut in minimum wages while in Germany workers are demanding a 6% increase.

If the ‘crises’ of capitalism is manifested in specific regions, so too does it affect different age/racial sectors of the wage and salaries classes. The unemployment rates of youth to older workers varies enormously: in Italy it is 3.5/1, Greece 2.5/1, Portugal 2.3/1, Spain 2.1/1 and Belgium 2.9/1. In Germany it is 1.5/1 (FT 2/1/12). In other words because of the higher levels of unemployment among youth they have a greater propensity for direct action ‘against the system’; while older workers with higher levels of employment (and unemployment benefits) have shown a greater propensity to rely on the ballot box and engage in limited strikes over job and pay related

issues. The vast concentration of unemployed among young workers means they form the 'available core' for sustained action; but it also means that they can only achieve limited unity of action with the older working class experiencing single digit unemployment.

However, it is also true that the great mass of unemployment youth provides a formidable weapon, in the hands of employers to threaten to replace employed older workers. Today, capitalists constantly resort to using the unemployed to lower wages and benefits and to intensify exploitation(dubbed to "increase productivity") to increase profit margins. Far from being simply an indicator of 'capitalist crises', high levels of unemployment have served along with other factors' to increase the rate of profit, accumulate income, widen income inequalities which augments the consumption of luxury goods for the capitalist class: the sales of luxury cars and watches is booming.

Democratic Socialist Theory and Practice

Overview

Serious defects in the capitalist system persist to this day: long periods of mass unemployment, periodically recurring economic crises, unnecessarily great differences in income unrelated to efficiency a concentration of private means providing individuals with an influence of power devoid of democratic legitimization, or the alienation of large parts of the population from capital and the economy and so on.

Humane Economic Democracy is the answer. The linking of market and planning should preserve the advantages of the free-market economy in their entirety particularly as regards a highly efficient, demand-oriented and innovative production. At the same time, macro distribution planning should help overcome disturbances in the macro disequilibrium, the emergence of large surplus capacities, mass unemployment, the threatening destruction of the environment, as well as people's insecurity about the future. By the way of summary it may be said that the 'Humane Economic Democracy represents an ideal type of a system model with the following characteristics:

- It contains conditions for market mechanisms that can function as optimally as possible, for a free foreign trade, as well as for a convertible currency.
- It enables the achievement of socio-economic and ecological objectives with the help of macro distribution planning and a coordinated economic policy.
- It enables the prevention of macroeconomic disequilibria and mass unemployment by means of macro distribution planning, its full-employment policy and its educational policy.

- It is capable of overcoming the alienation from capital of personnel employed by market enterprises, by means of equity participation, codetermination and autonomy.

- It fully admits private enterprise, while restricting the formation of excessive private capital and power concentration.

- It allows for democratic decisions on socio-economic planning objectives from a variety of alternative plans.

- It preserves non-market activities and state control to areas where (a) social security, equality of opportunity and ecological aims are more important than efficiency, (b) there are insurmountable monopoly conditions, and (c) state control ensures that the efficiency of an enterprise is higher than in competitive split-up (e.g. water supply).

These are the main concepts of a model of Humane Economic Democracy, which could emerge from socialist reform efforts.

The Democratic Socialist Vision

Democratic socialists believe that the individuality of each human being can only be developed in a society embodying the values of liberty, equality, and solidarity. These beliefs do not entail a crude conception of equality that conceives of human beings as equal in all respects. Rather, if human beings are to develop their distinct capacities they must be accorded equal respect and opportunities denied them by the inequalities of capitalist society, in which the life opportunities of a child born in the inner city are starkly less than that of a child born in an affluent suburb. A democratic community committed to the equal moral worth of each citizen will socially provide the cultural and economic necessities food, housing, quality education, healthcare, childcare for the development of human individuality.

Achieving this diversity and opportunity necessitates a fundamental restructuring of our socio-economic order. While the freedoms that exist under democratic capitalism are gains of popular struggle to be cherished, democratic socialists argue that the values of

liberal democracy can only be fulfilled when the economy as well as the government is democratically controlled.

We cannot accept capitalism's conception of economic relations as "free and private," because contracts are not made among economic equals and because they give rise to social structures which undemocratically confer power upon some over others. Such relationships are undemocratic in that the citizens involved have not freely deliberated upon the structure of those institutions and how social roles should be distributed within them (e.g., the relationship between capital and labour in the workplace or men and women in child rearing). We do not imagine that all institutional relations would wither away under socialism, but we do believe that the basic contours of society must be democratically constructed by the free deliberation of its members.

The democratic socialist vision does not rest upon one sole tradition; it draws upon Marxism, religious and ethical socialism, feminism, and other theories that critique human domination. Nor does it contend that any laws of history preordain the achievement of socialism. The choice for socialism is both moral and political, and the fullness of its vision will never be permanently secured.

Marx's Analysis of Capitalism: Social Production Vs. Private Control

Karl Marx whose work is particularly relevant in our era of "globalization" recognized that capitalism represented an increase in human freedom and productive power. Under feudalism, political and economic life had been merged. Born a serf, one remained a serf, subject to the political and economic domination of one's lord. Capitalism freed the economic sphere from the domination of the political. Under capitalism, the worker and capitalist contracted with one another free of the burdens of traditional religious or status relations.

Though the rise of capitalist economic relations in Europe predates political democracy by over two centuries, the rhetoric of freedom of contract and legal equality that arose during capitalism's

infancy in the 17th century contributed to the growth of movements for political democracy. In a capitalist democracy, one's economic status, in theory, does not affect one's political and legal status. All members of society are to be judged equally before the law and have the equal right to participate politically (one person, one vote). But Marx illustrated that the inequalities in "civil society" (or economic life) undercut the promise of political equality. In the political "free market" for votes, capital has more influence than labour, and this structural inequality erodes the promise of political democracy. But Marx argued against authoritarian socialists who dismissed political democracy as merely bourgeois," as it is the existence of political democracy that enables the working class to mobilize its numbers against concentrated economic power.

In retrospect, however, Marx did not make clear his commitment to political democracy. Marx often implied that under advanced socialism communism control of production by the "free association of producers" would end the need for politics. But even a society characterized by worker self-management of production and distribution would need political pluralism; there is no reason to think that there is one exact "right" answer as to how socialism should be constructed, or that there is no politics apart from economic issues. Democratic debates over policy are, therefore, inevitable.

Marx did not only argue that capitalism undermined democracy. He argued against the very essence of it as an economic system. In his analysis, capitalism was an exploitative mode of production in which the capitalist class extracted "surplus value" from the working class. For the first time in human history, labour power itself was sold as a free commodity on the market. No longer were people slaves or serfs to their masters. Workers were free to sell their labour power to whatever capitalist chose to employ them. But the asymmetry of power in this alleged "free exchange" is that while the capitalist class owns the means of production, the working class only has their labour power to sell. This asymmetry means that while capitalists pay labour a "living wage," the value of this wage (the value of labour power) is always less than the value of the commodities produced by the workers' labour if capital could not make a profit it would not

employ labour. Workers' needs under capitalism are always subordinate to the bottom line.

Marx explained that capitalism required a high level of organization and direction, which the profit motive alone could not provide. Production was becoming a more "social" enterprise, touching all of society's diverse interests. Yet these social forces of production are still controlled by private capitalists, and now also by top-level corporate managers who share an interest in long-run profitability.

Socialists therefore argue that private corporate property is not only wrong, but also nonsensical. Wealth is a social creation and should be controlled by society as a whole. Of course, socialists must take seriously objections that there would be a need for expertise (say, for surgeons and engineers) and job specialization under socialism. The division of labour might well be eroded by the rotation of menial tasks, frequent sabbaticals, job retraining, shortening the workweek, and increasing the creativity of "leisure" activity. But however we organize the division of labour the structure of careers and life opportunities it should be decided democratically and not by the accident of chance or of opportunities conferred or denied by one's class position.

Class Structure and Political Agency: The Imperative of a Coalition Strategy

Marx did not believe that workers' revolution would occur because of socialism's moral desirability or the wisdom of socialists. Rather, he posited that the increasingly interdependent nature of capitalist production would come into conflict with the private ownership and control of economic resources. For Marx, only the working class had a common interest in revolution and the structural power within the mode of production to carry it out. But it would take political organization for the working class to fulfil its potential as the social agent of revolution.

It turned out that Marx was overly optimistic about the development of class-consciousness and revolutionary activity on the

part of the working class. Though Marx recognized that the working class was divided by functional tasks, ethnicity, and race, he believed that trade union struggle and political activity would engender a universal identity on the part of the working class committed to socialism. But the paradox of mature capitalism is its coexistence with universal suffrage. In no country has there yet been mobilized a conscious majority for socialism. This is not to deny the significant popular support for social democratic and labour parties that favour a mixed economy and greater socio-economic equality. But even in Sweden there has yet to develop a conscious electoral majority for a cooperatively-run economy.

Why is it that in the 20th century there never emerged a conscious majority for socialism under liberal democracy? It is partially due to socialism's identification with authoritarian Communism. It may also be because prosperity after World War II enabled capitalist welfare states to satisfy the material needs of most of their populations. What's more, the "capital strike" by business, which has confronted ambitious Socialist governments such as the Allende regime in Chile and the Mitterrand regime in France, makes clear the risks governments take when they try to limit the rights of capital.

Marxists have often underestimated the functional differentiation among working people and the growth of a "middle strata" made up of those who are neither professionals nor blue-collar manual labourers. Today the number of working people who exercise some control over their labour and over others but who are not top-level managers is large (e.g., legal, financial, and medical professions). Socialists must also address the changing nature of capitalist production, which has led to a proliferation of low-skilled workers in the clerical and service sectors. These workers have difficulty organizing into unions because of the decentralized nature of their workplaces. The trade union movement is only beginning to adjust to an increasingly female and minority workforce, with different needs than male blue-collar workers. Organizing this "new working class" is critical to the future of socialism.

One way of appealing both to the “middle strata” and the working class is to stress democratic control over consumption and social provision, in addition to Marxism’s traditional focus on democratic control over production. In the United States today, large sectors of the middle class cannot afford decent healthcare, housing, education, and childcare. The challenge for the left is to unite these sectors with the working class and poor in favour of universal, progressively financed, public provision. Providing these goods for the middle class through tax credits and private insurance will only insure the further impoverishment of social services for the bottom third of society. Thus, building a majority coalition between the middle strata and lower-income people becomes not only a moral imperative, but also a political necessity. The large number of workers in the helping professions and the public sector provides the structural basis for such a coalition, particularly if these sectors are increasingly unionized. But middle class opposition to an expanded public sector will decrease only if progressive taxation is restored and democracy and efficiency increasingly characterizes social welfare provision.

Some Marxists have also overestimated the centrality of work to identity. Community, ethnic, and regional identities have often competed with class loyalties. Racial divisions and the initial organization of immigrants into ethnic-based political machines rather than class-conscious parties have weakened class identity in the United States. Democratic socialists recognize the pre-capitalist origins of racism and sexism. While capitalism clearly structures these forms of oppression (for example, the use of racism and sexism to channel women and minorities into low-paying, service sector jobs), there is a relatively autonomous cultural and psychological dimension to these forms of domination. Socialist-feminists analyze how the sexual division of labour in child rearing produces different gendered attitudes towards nurturing and moral judgment. Socialist analyses of racism examine the psychological underpinnings of racism in cultural fears of “the other” and anxieties about group identity and status.

Democratic socialists, influenced by the Black Liberation, Women’s Liberation, and Gay and Lesbian Liberation movements,

also recognize that “different” identities provide meaning for people. The orthodox Marxist desire to subsume all ethnic, racial, and cultural groups under the universal identity of “the working class” threatens the particular communities that provide sustenance to individuals. A democratic socialist society would facilitate the autonomy and enrichment of various cultural and ethnic traditions. But some “post-modern” theorists go too far in celebrating “particularity.” While particular identities and the autonomy of movements against oppression are central to a free, pluralist society, so is the development of a sense of common citizenship. Vibrant political life and a strong welfare society must be grounded in a strong sense of communal membership. Citizenship should not be viewed as a “homogenizing” category that reduces all to the pursuit of the same interests and needs. Rather, if human beings and the particular communities with which they identify are to be accorded equal respect they need to live in a society that guarantees that all members will be able to fulfil their unique potential.

Chapter 5

Strategy: The Role of the Party and the State

Overview

A correct appreciation of the vanguard party and its indispensable role depends upon understanding the crucial importance of the subjective factors in the proletarian revolution. On a broad historical scale, and in the final accounting, economic conditions are decisive in shaping the development of society. This truth of historical materialism does not negate the fact that the political and psychological processes unfolding within the working masses more directly and immediately affect the course, the pace, and the outcome of the national and world revolution. Once the objective material preconditions for transformative activity by the workers have reached a certain point of maturity, their will and consciousness, expressed through the intervention of the organized vanguard, can become the key component in determining the outcome of the class struggle. A political organization capable of handling such colossal tasks cannot arise spontaneously or haphazardly; *it has to be continuously, consistently and consciously built*. It is not only foolish but fatal to take a lackadaisical attitude toward party-building or its problems. The bitter experiences of so many transformative opportunities aborted, mismanaged, and ruined over the past half century by inadequate or treacherous leaderships has incontestably demonstrated that nonchalance in this vital area is a sure formula for disorientation and defeat.

Theoretical Reprise

While Marx never adequately described how socialism would be achieved by crossing the terrain of a democratic capitalist society, V. I. Lenin claimed there was no choice but insurrection. Socialists

could not use the capitalist state to abolish capitalism; they would have to overthrow the state and then “smash” its machinery. What institutions of government would take its place Lenin never made fully clear, except for vague references to the self-governance of workers’ councils (soviets) in *The State and Revolution*. Obviously the Bolshevik party rapidly supplanted the councils as the main governing institution in Lenin’s Soviet Union.

In *What Is To Be Done*, Lenin claimed that trade union activity would produce only a reformist desire for “more” economic goods rather than revolutionary consciousness. Lenin may not have inaccurately predicted the nature of predominant working class consciousness during “normal” periods of capitalist development. Workers under capitalism have more to lose than just their chains. But Lenin’s belief in the privilege of the “vanguard” party that it can do whatever it wants once it takes power because it represents the workers’ “true” interests contradicts Marx’s belief in working-class self-emancipation. Though an effective strategy for clandestine organization in repressive societies, Leninism’s track record in democratic capitalist societies is dismal, perhaps because self-described Leninist parties are usually thoroughly authoritarian.

Any possible transition to socialism would necessitate mass mobilization and the democratic legitimacy garnered by having demonstrated majority support. Only a strong majority movement that affected the consciousness of the army rank-and-file could forestall an armed coup by the right. Even when a repressive regime necessitates a minority road to revolution, democratic socialists stand with Rosa Luxemburg revolutionary Marxist leader in Germany a century ago in her advocacy of the restoration of civil rights and liberties once the authoritarian regime has been overthrown. There has yet to be a “Communist” revolution in which the “vanguard” party then allows itself to be voted out of office. The end of Communism in the former Soviet Union and Eastern Europe, and the inspiring struggles against “Communist capitalism” in China, will hopefully lead to movements for democratic socialism in these countries.

Leninists often argued the state under capitalism was nothing more than a tool of the capitalist class. What this “instrumentalist” view of the state cannot explain is why numerous reforms have been implemented under democratic capitalism against the fierce resistance of capitalists. Nor can it explain why some capitalist societies have stronger welfare states and greater democratic controls over capital than do others. Certainly structural dependence upon corporate investment to reproduce conditions of prosperity constrains democratic governments. The flight of capital has hindered liberal and social democratic reforms. But in times of depression, war, or mass political mobilization (e.g., the 1930s, World War II, the 1960s), the state has implemented reforms that have curtailed the rights of capital and increased popular power. To preserve the legitimacy of democratic government (and, in the long run, democratic capitalism itself), the state must respond to popular mobilization.

In part, this is possible because the capitalist class does not *directly* rule under capitalism. While the demands of corporate and defence industry lobbyists heavily influence politicians and state bureaucrats, the major goal of politicians is to guarantee re-election through steady economic growth. Capitalist interests are often divided among themselves (importers versus exporters, finance versus manufacturing, etc.), thus providing state officials with a certain degree of autonomy. In times of economic crisis and/or popular mobilization, state managers and political elites will sometimes advocate programs for economic recovery which are initially opposed by most capitalists. Politicians need to win elections and capitalists simply do not have enough votes to guarantee victory.

In the long run, however, if popular mobilization does not persist, reforms will often be restructured to shift the balance of power back towards capital (e.g., the reintroduction of regressive taxation; cutting of benefits; deregulation; weaker enforcement of labour laws, and so on). State officials are always constrained by the need for business confidence and continued private investment. State policy results from class and political conflict, but the asymmetry of the capital-labour relationship stacks the deck against popular movements. Only by building strong trade unions, community

organizations, and socialist parties can the left redress this imbalance of forces.

Class Consciousness and Struggle in Civil Society

Marx believed that capitalist ideology would have a powerful sway over the working class (“The ruling ideas of the day are the ideas of the ruling class”). But Marx underestimated the predominance of ideas of individualism and competition in popular culture. In part, this is because such ideologies are not completely false. There is more political freedom and social mobility under Western capitalism than in all previous societies. The early 20th century Italian Marxist theoretician Antonio Gramsci better understood how bourgeois ideology underpinned the “common sense” of capitalist culture. The capitalist class not only disproportionately influences the state, but ideas of “consumer sovereignty,” “freedom” and “choice” also dominate public opinion in the institutions of civil society, such as schools, religion, and the media.

Gramsci believed that the dominance of capitalist modes of thought could be countered by a conscious, “counter hegemonic,” leftist cultural presence throughout civil society. The left would have to organize not only in the formal political arena, but also in the workplace, the neighbourhood, the church, and the PTA. Though those who hold electoral state power set the boundaries within which political struggle occurs, organizing in civil society (at the grassroots) is critical for the growth of the left. Cultural, educational, and ideological work is as “political” as are elections.

In order to affect state power and to change the balance of forces in civil society, democratic socialists believe it is necessary to work both in electoral politics and in community and trade union organizing. In light of the peculiar structure of the American political system (the absence of proportional representation; the absence of coalition governments because of an executive rather than parliamentary system; open party membership and open primaries; single district, winner-take-all electoral districts), most progressive

forces, when doing electoral work, pragmatically choose to work in the left wing of the Democratic Party. Hence, electoral class conflict runs through the Democratic Party, not around it.

Given the structure of the US government, any third party in the United States rapidly has to become a second or first party to survive. The critical question facing socialists in the United States today is not whether to form a nation-wide third party. Rather, it is how best to build those progressive constituencies which alone can push politicians whatever their party affiliation to the left. Forming a party is pointless if few will join it. If and when the mass constituencies of the American democratic left decide to leave the Democratic Party, only then will a credible national third party be on the political agenda.

The Transition to Socialism

Hopes for a rapid democratic transition to socialism were shattered by the horrors of Stalinism and the failure of social democratic governments to discern a socialist road out of the Great Depression. After World War II, “democratic socialism” increasingly became identified with the “Keynesian” welfare state. Post-war growth and the concomitant expansion of welfare provision enabled governing working class parties to put socialization of ownership on the back burner. As British Labour Party leader Tony Crosland argued in 1956 in his book *The Future of Socialism*, a state-regulated capitalism could respond to the needs of the people if income was equitably distributed. But even if the stronger welfare states of Northern Europe did significantly redistribute income across classes, with the crisis of the welfare state due to the end of post-WWII growth in the 1970s, the mainstream left again faced a crisis of vision and program.

While expanded public provision and a strong infrastructure increases long-run productivity, it is impossible to achieve this when not only capital, but also significant populist movements (based both among the middle class and skilled unionized workers) demand that taxation and public provision be curtailed. Again, the left’s task is

both moral and programmatic. It must reintroduce the values of equality and solidarity which support universal public provision through progressive taxation. And it must also advance a compelling vision of economic growth through greater democratic control over capital. A strategy of gradually encroaching upon the prerogatives of capital will involve creative experiments in workers' buy-outs, democratic control over pension funds, and mandated worker and consumer representation on corporate boards. But these can only occur through the growth of trade union and socialist political power. Socialism will be the achievement of an epoch in which the power of labour vis-à-vis capital will be constantly contested. If the relative power of labour grows, this terrain will take on increasingly favourable contours.

Chapter 6

Transitional Strategy: Strengthening Public Provision and Democratic Control

Overview

There should be no illusions that the establishment of an inclusive democracy will be a swift process or that the implementation of a transitional strategy program will not have a hard time from the elites controlling the state machine and the market economy. This process is bound to be a long one involving a huge popular movement and will extend over an entire historical period. However, without underestimating the difficulties involved in the context of today's perfected methods of brain control and economic violence, which, in fact, might prove more effective methods than pure state violence in suppressing a movement for an inclusive democracy, strengthening public provision and popular democratic control is a realistic strategy on the way to a new society.

Over Production

The strategy outlined above is borne out by sociologist John Stephens' historical argument that the stronger the "counter-hegemonic" strength of unions and left parties, the stronger the welfare state and the more egalitarian the distribution of economic and political power. There is a reason why health and safety regulations are much stricter in the Scandinavian countries than in the United States; why Sweden and West Germany, under social democratic governments, funnelled almost half of their respective GNPs through the public sector while the United States only transfers 25 percent; why social democratic welfare states are financed through progressive taxation while others (the United States and Japan) are financed by regressive taxation. The structure of the

welfare state is profoundly affected by relative trade union and political party strength. As the fight for reforms usually involves struggle “from below,” in liberal democratic capitalist societies there is no radical divergence between strategies for reforms or revolution. Welfare state reforms that redistribute income and radical structural reforms that increase workers’ control both necessitate stronger political and union organization.

Young radicals today often act as though street protest and direct-action tactics even confrontation with the police could bring about revolution. While direct action has its place in left politics, achieving serious social reform let alone “full” socialism requires movement-building and mass action. To refrain from struggles for reform (living wages, union organizing rights, police accountability, defence of reproductive rights and affirmative action) is to ensure marginality. Socialists must take part in concrete struggles to improve peoples’ living conditions and do so in ways that increase their self-organization, political consciousness and capacity for collective action.

U.S. Imperialism, Islamic Fundamentalism and Need for another Way

Overview

The core issue in the Middle East is very straightforward, namely oil. Since WWI, when the world began to move onto an oil-based economy, the Middle East has become central in world affairs, for the very obvious reason that it has, by far the largest and the most accessible petroleum resources— primarily in Saudi Arabia, secondarily in Iraq, and thirdly in the Gulf Emirates, and elsewhere. It is, as the State Department described it during the Second World War, when the US was taking over: “It’s a stupendous source of strategic power and the greatest material prize in world history.” “It’s strategically the most important part of the world”, as the president of Columbia University described it, as he was making his transition from Supreme Commander of Allied Forces in Europe to supreme commander of the world—in the White House.

In the Middle East, the way it was worked out, is that there are to be what the Nixon administration called “local cops on the beat” that is, local gendarmes who sort of keep order in the neighbourhood. And it’s best to have them be non-Arab ‘cause they’re better at killing “recalcitrant Arabs”. So there’s a periphery of— in fact, what David Ben Gurion, Israeli Prime Minister, called— the “periphery policy”, of non-Arab states—Iran (under the Shah), Turkey, Israel, Pakistan. There they are to be the ‘local cops on the beat,’ but the understanding of course, is that ‘police headquarters’ remains in Washington. And if things really get out of hand— the ‘local cops on the beat’ can’t handle it— there’s British and US muscle in reserve to be used when needed. That’s essentially the modality of control. And, this modality angers many vigilant Muslims, even those outside the Middle East.

Revisiting the Fallout

As the U.S.’s crimes against humanity in the Middle East mount, it is of tremendous importance for people in the U.S. to honestly confront and rise to the profound challenges and responsibilities before us in bringing this to a halt. In this spirit, I welcomed the argument made by Hadas Thier and Aaron Hess in the *Socialist Worker* on April 20, 2007 entitled “Standing up to Islamophobia,” even while I find their central arguments to not only be wrong, but harmful.

I do not doubt that Thier and Hess want to oppose U.S. wars of aggression and their accompanying assault on Muslims, Arabs and South Asians living in the U. S. But they end up arguing for an approach that will neither meet the actual challenges of opposing the U.S. “crusade,” nor bring forward new, truly liberating possibilities here and around the world. They end up in this unfortunate place through the use of bad logic, flawed methodology, and a duck-from-unpleasant-realities epistemology (method for arriving at what is true).

Let’s look at how this is so. “Standing Up” quotes George Bush as arguing, “The war we fight today is more than a military conflict. It

is the decisive ideological struggle of the 21st century. On one side are those who believe in the values of freedom and moderation, the right of all people to speak and worship and live in liberty. And on the other side are those driven by the values of tyranny and extremism.”

Then, they write, “Unfortunately, some voices on the left—even radical sections of the antiwar movement—accept these same terms.” They go on to quote from an article of mine: “Increasingly, humanity is being confronted with two intolerable choices: Bush’s crusade for empire or a reactionary Islamic fundamentalist response... The Bush regime has committed crimes on a far greater scale and is by far the greater danger to humanity... but both are complete nightmares. Both reinforce and feed off each other, and as they grow, they suck up the air to breathe for secular and progressive forces in this country and around the world... People in their hundreds of millions--in this country and around the world--must be presented with a third option, an option that refuses to choose between crusading MacWorld or reactionary Jihad.”

On their face, these two positions could not be any less the “same terms”; Bush is extolling U.S. imperialist aggression while I am calling for resistance powerful enough to stop it. But it is only by ignoring this glaring difference that Thier/Hess can, first, sloppily insist that my condemnation of Islamic fundamentalism accepts the same terms as those set by the Bush regime, and second, conveniently avoid having to distinguish between two very different kinds of opposition to the actions of the U.S. in the Middle East.

In the face of an unjust war on Iraq and Afghanistan, there are both the just demands of the broad masses of people who oppose the U.S. occupation and ambitions to control the whole region, as well as the reactionary, theocratic opposition that reflects the interests of outmoded strata within those countries. The need to support the just demands of the people should not be conflated with supporting the reactionary fundamentalist forces, nor should the ideology and program of these fundamentalists be equated with the interests of the broad masses in the region.

“Outmoded”: A Scientific Term, Not a Curse-word

To call these fundamentalist forces “outmoded” is not some swear word, nor a reflection of some kind of “prejudice,” as implied by the Thier/Hess article. “Outmoded” and reactionary speaks to the content of their own specific version of a very oppressive program for the masses of people in these countries. And on another level, “outmoded strata” expresses the class relations involved. These forces represent old ruling strata in these societies--not the interests of the masses of the people.

These forces—and the program they advance (whatever their individual class origins)--reflect and advocate “traditional,” largely “feudal based” class relations in these oppressed countries. Some of these clerics are directly tied to big semi-feudal landholding interests. This was true, for example, in Iran, which is discussed more below. But, in any case, their program is explicitly an appeal to, and a program for, the reinforcement of “traditional” relations of these societies. And the complex pattern we see of cooperation and conflict between these forces and the imperialists reflects, ultimately, the complex and contradictory relation of imperialist domination of these countries to feudalism. In short, the imperialists both depend on and “prop up” these old oppressive relations while at the same time they undermine them with new “modern” forms of exploitation which transform and disrupt those old relations.

For example, the imperialists rely on the power of feudal forces in the countryside in many places to keep the masses there under control. (Right now in Iraq, the U.S. is “rediscovering” the great value of “traditional clans” and trying to strike deals to pry them away from the fundamentalist insurgency and help stabilize whole areas for the occupation government.) And, in most oppressed countries, the downtrodden and oppressed conditions of the masses in broad areas of the countryside, together with their close relations to agriculture, helps lower wages overall in these countries and increases the super profits reaped there by the imperialists. At the same time, capitalist agriculture keeps penetrating into the countryside of these areas and undermines, as well as combines with,

older feudal relations there. For more on the dynamics and forms of imperialist domination in the oppressed nations, see *America in Decline*, Raymond Lotta, pp. 98-112.

Thier/Hess argue against clumping all of fundamentalist Islam together and there are, indeed, some differences among the various Islamic trends. However, anyone seriously interested in understanding the region and the ideological factors that are shaping events there cannot ignore the unpleasant fact that there is a common thrust to these trends. This ideology (fundamentalist religion) has taken the very concrete form of a theocratic program in countries around the region, despite some local variations and even conflicts within this broad trend. In this era, taking up religious literalism of any kind as a political program is taking up a program full of outmoded and oppressive content—content that came from the ancient societies out of which the religious texts emerged.

By imposing it on the modern world what you get is what we've seen everywhere fundamentalism gets a foothold: vicious patriarchy and bigotry, religious warfare, "honour killings," and the promotion of unscientific, superstitious ignorance. The treatment of women is one of the most fundamental questions among the oppressed themselves and a criteria of how any struggle for liberation should be judged. The fundamentalist outlook and agenda that says the literal interpretation of religious texts should be "law" or the "highest law"—whether it be Sharia law or Judeo-Christian biblical law--goes against fundamental rights of freedom of conscience and equality between people that have been fought for and are needed for a decent society in the 21st century. These things--whether they are being imposed by Sunnis in Saudi Arabia, by the Taliban in Afghanistan, by the state in Iran, or by "oppositional" movements--must be unequivocally rejected, not ignored, prettified, or tailed with identity politics.

The breadth of support for this reactionary fundamentalist program has grown in direct proportion to screamingly unjust imperialist attacks on the people of these countries. Today, the influence of very harmful and reactionary forms of Islamic fundamentalism have the initiative in the Middle East. The brutality of the U.S. occupation and the vacuum of legitimate authority has

ignited sectarian religious violence and the rapid growth of opposition to the occupation that has a fundamentalist vision for the country. The U.S., despite all its talk about coming to the aid of women oppressed by the Taliban, has continued to back and install reactionary clerics and sectarian religious forces in the countries it has occupied. All of this complicates the tasks of secular, progressive, revolutionary, and communist movements in that region and demands a different way forward for the masses of people.

Religious Fundamentalism: Interests of the Masses?

The dominant varieties of Islamic fundamentalism in the Middle East today, while their ideological roots trace back earlier, began to develop as a political force in the aftermath of World War II when the imperial powers forged new forms of semi-colonial and semi-feudal state structures in these countries that diminished the position of many clerics and other traditional feudal power relations. These forces took a major leap in the last couple decades, as many were consciously built up and promoted by the U.S. in opposition to the Soviet Union's influence in the region. And this leap was greatly accelerated, too, by the effects of a post-Mao coup in China which ended China as an inspiring force for revolutionary change in the world, along with the end of the national liberation struggle in Vietnam. Islamic fundamentalism, in effect, stepped into a kind of secular nationalist, revolutionary, and communist "leadership vacuum" on a world level.

The U.S. has had a contradictory relationship with the Islamic Fundamentalist movements--backing them when it has served their interests and attempting to crush them when these same forces have turned on U.S. interests or come into conflict with it. The decline of British colonialism and the rise of neo-colonialism in this strategic region has often come wrapped in the garb of "modernity" imposed from above--with the free market driving millions of peasants off the land, hurling them into the urban shantytowns and refugee camps. The penetration of U.S. investment and neo-colonial control also disrupted and undermined the traditional semi-feudal power centres

and the position of the clerics in these societies. The ripping up of the old social fabric and the chaos, impoverishment, and wrenching apart and refashioning of dependent economies pliable to more thorough and vicious exploitation and plunder of these countries also led to the development of ideological (and not just economic) responses to the imposition of imperialism from the “West.”

All this has fed the rise of Islamic parties and movements that have challenged the forms of rule and alliances that U.S. imperialism has struck in particular countries--and most often these political religious movements have reflected the interests of this outmoded strata of clerics and feudal forces whose position has been disrupted. Their reactionary ideology and political agendas do not represent the interests of the desperate and displaced peasantry and the impoverished and rebellious urban masses they have recruited as foot-soldiers, just as a Christian fascist like Pat Robertson does not represent the interests of the people in this country who follow him -- many of them responding to the uncertainty and parasitism that imperialist globalization has visited on their own lives. Just because something has a big following among sections of the oppressed does not mean that it is a good thing.

Lessons from Iran

The Islamic Republic of Iran emerged out of a revolutionary struggle of millions against the U.S.-backed Shah in 1979 after which Khomeini, a reactionary Islamic fundamentalist Ayatollah, moved in stages to consolidate power. Thousands of genuinely anti-imperialist forces--especially communists but also other secular, nationalist, and even more liberal Islamic forces--were rounded up, tortured, and butchered and tens of thousands more were jailed and forced into exile. Women who refused to wear the hijab were whipped, beaten, and arrested and the legal system was changed so that the testimony of one man was equal to that of two women. In 1988 more than 10,000 political prisoners were systematically mass murdered by the Islamic state.

As part of coming to power in 1979, these theocratic forces presented themselves, and drew mass appeal, from an “anti-imperialist” pose. While they had real conflicts with a particular U.S. regime (the Shah of Iran), Khomeini and his forces were reactionary theocrats, not leaders of an anti-imperialist struggle. The real tragedy, and lesson, of the Iranian revolution was that revolutionary forces joined in spreading the illusion that these were anti-imperialist forces to be aligned with and tailed. For this, the masses of Iran have suffered disastrous consequences.

Blindness to the class basis and political content of Islamic movements--whose agenda is imposing theocratic rule and Sharia law--will leave people unprepared for the challenges of the war the Bush regime is actively plotting against Iran. Bush will again pose people’s options as standing with your country or the “terrorists,” with Christianity (or modernity, depending on his audience) or with Islamic rule.

Those opposing the Iraq war and Bush’s “War on Terror” have to firmly direct their main efforts at their own government and at stopping what is by far the greater reactionary force--that of U.S. imperialism. But that does NOT mean having to support the rise of reactionary clerics in Iraq or the theocrats presently ruling Iran. People can and must learn to differentiate between the just demands and struggle for national liberation and the reactionary and theocratic programs of outmoded forces posturing and pimping off the sentiments of broad sections of these societies for national liberation.

New-Democratic Revolution

In oppressed nations like Iran, the path to breaking the hold of imperialism and overcoming feudalism is new-democratic revolution which, unlike the democratic revolution of previous centuries, is led by the proletarian (working) class and its vanguard party. In the context of a new-democratic revolution, it is possible and generally correct to unite with other strata. This certainly includes the peasants in the countryside--along the vast numbers of displaced peasants who’ve been thrown into shantytown misery; and, further, it is

generally possible to unite with sections of smaller capitalists who have real conflict with imperialism over the subordination of all national development to global imperial interests. And unity can even be built with non-theocratic religious forces. All this must be led as part of a program that radically breaks with all the structures of dependency on imperialism, and with enslaving feudalism--as the first stage of a revolutionary program for getting rid of all exploitation and oppression and the social relations this gives rise to.

This is totally different from the program of backward-looking theocratic, feudal and “traditional” forces. Among the first tasks of the new democratic revolutions that have taken place in places like China or Vietnam--before they came to an end--was to uproot forms of semi-feudalism that viciously exploited the peasantry. These genuine struggles for national liberation were fought with both goals and methods of warfare that are distinctly different than the methods of warfare being used in the Middle East today; they were people’s wars that relied on and united the people to fight imperialism. And even the way the wars were fought and the forces they relied on reflected the aims of these revolutions which included, for instance, the liberation of women.

On another level, the more that there is powerful resistance in this country--resistance that cannot be hidden from the people of the world, including in areas that are targets of U.S. aggression and justifiably hotbeds of hatred “against America”—the more that two things will happen. First, this will contribute to halting the unjust wars being waged in our names as well as creating more favourable conditions for revolution within the U.S. Second, this will be giving more “air to breathe” to the secular, progressive, and genuinely revolutionary forces who do exist in the Middle East, including in Iran.

Who’s Offended by the Truth About Tony Soprano’s House?

Thier/Hess then pick up on a statement from Bob Avakian, Chairman of the Revolutionary Communist Party: “living in the U.S. is a little bit like living in the house of Tony Soprano. You know, or

you have a sense, that all the goodies that you've gotten have something to do with what the master of the house is doing out there in the world."

They quote a later passage from Avakian next: "But September 11 was a rude announcement that there's a price to be paid for living in Tony Soprano's house, for continuing to go along with these profoundly unequal relations in the world and the way that your government, and this system fundamentally, bludgeons people in the world into conditions of almost unspeakable suffering in order to keep this whole thing going, and in order, yes, for some 'goodies' to be handed out to sections of people in the 'house'."

Thier/Hess argue that, "Avakian's view that ordinary working Americans were sharing in the 'goodies' is false. Working-class people in the U.S. have also been forced to pay—with continuing cuts in social services, with shredded civil liberties, and with their lives, in the case of the soldiers used as cannon fodder in Iraq and Afghanistan—for U.S. wars." Thier & Hess can only make their argument by cutting out a critical part of Avakian's argument that refutes the very point they are making--a point to which we'll return later.

But first, let's answer Thier/Hess's argument that working class people in this country aren't benefiting from U.S. imperialism with two words: clean water.

Look around the planet: thousands die each day due to lack of clean drinking water in the third world--clean water which is taken for granted in the U.S. But the disparities go far beyond just water. In this era of imperialism, there is a fundamental divide in the world between oppressed and oppressor nations. Both the economic advantage and the relative peace and stability enjoyed by large sections of people living in the oppressor nations depend on the wars being waged across the globe, the super-profits being sucked out of the labour of children and others, the natural resources being privatized and stolen, and the hundreds of millions of people being driven from their lands and hurled across the globe in an ever more desperate search to survive by being exploited even more ruthlessly as part of the globalized imperialist economy. All of which is

propelled by capitalist accumulation and enforced by the military force of the U.S. and other imperialists.

The irony of Thier/Hess's position is that while they accuse me of accepting Bush's imperialist chauvinism, their argument both ignores this shocking divide between oppressed and oppressor nations and sells short the people of this country, including many who are objectively privileged because of this divide but who can be won to stand with the people of the world. These people can be won to a better position not by appealing merely to their economic interests (their loss of social services) or ignoring this imperialist divide in the world, but by telling people the truth about how the wealth of this country comes from its plunder of the world and challenging them to act against this world system of imperialism that is the common enemy of the vast majority of humanity whether they reside in the citadels of imperialism or in the vast areas of the world being plundered by imperialist globalization.

And it should be pointed out that the kind of "economist" reasoning argued here by Thier/Hess also goes with capitulationist political programs that downplay the danger of theocratic political movements that have gained powerful ruling class backing in the U.S. Christian fascist influence over public life is being accepted and accommodated in the name of political pragmatism ("let's ignore this and unite with people's economic interest") and in the name of "respecting religious faith." Meanwhile abortion, science, and critical thought in education are under serious assault, and these forces are providing the ideological backing of biblical righteousness for a U.S. imperial crusade in the world. The *fundamental* interests of the majority of people in the U.S. do not lie in living in Tony Soprano's house.

Many in this country already gravitate towards a kind of internationalism in their sentiment that American lives are not worth more than the lives of others. This should be built upon as well as deepened with the scientific understanding of proletarian internationalism, that is the scientific understanding that, as Avakian has put it, "The interests, objectives, and grand designs of the imperialists are not our interests--they are not the interests of the

great majority of people in the U.S. nor of the overwhelmingly majority of people in the world as a whole. And the difficulties the imperialists have gotten themselves into in pursuit of these interests must be seen, and responded to, not from the point of view of the imperialists and their interests, but from the point of view of the great majority of humanity and the basic and urgent need of humanity for a different and better world, for another way.”

Everyone is encouraged to read the piece from which this was drawn (“Bringing Forward Another Way”) in its entirety as part of fulfilling the responsibility of people living in the United States to understand and bring to a halt the tremendous crimes being committed--and the even greater crimes being prepared—in our names. As Bob Avakian went on to say in the passage Thier/Hess quoted from, “We need a different world than one where there are a few houses of Tony Soprano, surrounded by a seemingly endless sea of suffering and oppressed humanity, living in terrible squalor and under undisguised tyranny; where the power, wealth and privilege of the relative few depends on, and is grounded in, the exploitation and misery of the many (and where, even within ‘Tony Soprano’s house’ itself, there are many who are treated little better than second-class members of the family, or as despised servants). This is a world that cannot, and should not, go on as it is.”

Towards a Vision of Democratic Production and Social Provision

Overview

Neoliberalism has become one of the most pervasive, if not, dangerous ideologies of the 21st century. Its pervasiveness is evident not only by its unparalleled influence on the global economy, but also by its power to redefine the very nature of politics itself. Free market fundamentalism rather than democratic idealism is now the driving force of economics and politics in most of the world, and it is a market ideology driven not just by profits but by an ability to reproduce itself with such success that, to paraphrase Fred Jameson, it is easier to imagine the end of the world than the end of neoliberal capitalism. Wedded to the belief that the market should be the organizing principle for all political, social, and economic decisions, neoliberalism wages an incessant attack on democracy, public goods, the welfare state, and non-commodified values.

Under neoliberalism everything either is for sale or is plundered for profit. Public lands are looted by logging companies and corporate ranchers; politicians willingly hand the public's airwaves over to powerful broadcasters and large corporate interests without a dime going into the public trust; Halliburton gives war profiteering a new meaning as it is granted corporate contracts without any competitive bidding and then bilks the U.S. government for millions; the environment is polluted and despoiled in the name of profit-making just as the government passes legislation to make it easier for corporations to do so; public services are gutted in order to lower the taxes of major corporations; schools more closely resemble either malls or jails, and teachers are forced to get revenue for their school by hawking everything from hamburgers to pizza parties. As markets are touted as the driving force of everyday life, big government is

disparaged as either incompetent or threatening to individual freedom, suggesting that power should reside in markets and corporations rather than in governments (except for their support for corporate interests and national security) and citizens.

The Neoliberal Mantra

According to Henry Giroux (www.dissidentvoice.org August 7, 2004, accessed 02/23/2012), under neoliberalism, the state now makes a grim alignment with corporate capital and transnational corporations. Gone are the days when the state “assumed responsibility for a range of social needs.” Instead, agencies of government now pursues a wide range of “‘deregulations,’ privatizations, and abdications of responsibility to the market and private philanthropy.” Deregulation, in turn, promotes “widespread, systematic disinvestment in the nation’s basic productive capacity.” Flexible production encourages wage slavery and disposable populations at home. And the search for ever greater profits leads to outsourcing which accentuates the flight of capital and jobs abroad. Neoliberalism has now become the prevailing logic in the United States, and according to Stanley Aronowitz “...the neoliberal economic doctrine proclaiming the superiority of free markets over public ownership, or even public regulation of private economic activities, has become the conventional wisdom, not only among conservatives but among social progressives.”

The ideology and power of neoliberalism also cuts across national boundaries. Throughout the globe, the forces of neoliberalism are on the march, dismantling the historically guaranteed social provisions provided by the welfare state, defining profit-making as the essence of democracy, and equating freedom with the unrestricted ability of markets to “govern economic relations free of government regulation.” Transnational in scope, neoliberalism now imposes its economic regime and market values on developing and weaker nations through structural adjustment policies enforced by powerful financial institutions such as the World Bank, the International Monetary Fund (IMF), and the World Trade Organization (WTO).

Secure in its dystopian vision that there are no alternatives, as England's former Prime Minister Margaret Thatcher once put it, neoliberalism obviates issues of contingency, struggle, and social agency by celebrating the inevitability of economic laws in which the ethical ideal of intervening in the world gives way to the idea that we "have no choice but to adapt both our hopes and our abilities to the new global market." Coupled with a new culture of fear, market freedoms seem securely grounded in a defence of national security, capital, and property rights. When coupled with a media driven culture of fear and the everyday reality of insecurity, public space becomes increasingly militarized as state governments invest more in prison construction than in education. Prison guards and security personnel in public schools are two of the fastest growing professions.

In its capacity to dehistoricize and depoliticize society, as well as in its aggressive attempts to destroy all of the public spheres necessary for the defence of a genuine democracy, neoliberalism reproduces the conditions for unleashing the most brutalizing forces of capitalism. Social Darwinism has been resurrected from the ashes of the 19th century sweatshops and can now be seen in full bloom in most reality TV programs and in the unfettered self-interests that now drives popular culture. As narcissism is replaced by unadulterated materialism, public concerns collapse into utterly private considerations and where public space does exist it is mainly used as a confessional for private woes, a cut throat game of winner take all, or a advertisement for consumerism.

Neoliberal policies dominate the discourse of politics and use the breathless rhetoric of the global victory of free-market rationality to cut public expenditures and undermine those non-commodified public spheres that serve as the repository for critical education, language, and public intervention. Spewed forth by the mass media, right-wing intellectuals, religious fanatics, and politicians, neoliberal ideology, with its ongoing emphasis on deregulation and privatization, has found its material expression in an all-out attack on democratic values and on the very notion of the public sphere. Within the discourse of neoliberalism, the notion of the public good

is devalued and, where possible, eliminated as part of a wider rationale for a handful of private interests to control as much of social life as possible in order to maximize their personal profit. Public services such as health care, child care, public assistance, education, and transportation are now subject to the rules of the market. Construing the public good as a private good and the needs of the corporate and private sector as the only source of investment, neoliberal ideology produces, legitimates, and exacerbates the existence of persistent poverty, inadequate health care, racial apartheid in the inner cities, and the growing inequalities between the rich and the poor. As Stanley Aronowitz (2003:101-102) points out, the Bush administration has made neoliberal ideology the cornerstone of its program and has been in the forefront in actively supporting and implementing the following policies:

[D]eregulation of business at all levels of enterprises and trade; tax reduction for wealthy individuals and corporations; the revival of the near-dormant nuclear energy industry; limitations and abrogation of labor's right to organize and bargain collectively; a land policy favoring commercial and industrial development at the expense of conservation and other pro environment policies; elimination of income support to the chronically unemployed; reduced federal aid to education and health; privatization of the main federal pension programs, Social Security; limitation on the right of aggrieved individuals to sue employers and corporations who provide services; in addition, as social programs are reduced, [Republicans] are joined by the Democrats in favoring increases in the repressive functions of the state, expressed in the dubious drug wars in the name of fighting crime, more funds for surveillance of ordinary citizens, and the expansion of the federal and local police forces.

Central to both neoliberal ideology and its implementation by the Bush administration is the ongoing attempts by free-market fundamentalists and right wing politicians to view government as the enemy of freedom (except when it aids big business) and discount it

as a guardian of the public interest. The call to eliminate big government is neoliberalism's great unifying idea and has broad popular appeal in the United States because it is a principle deeply embedded in the country's history and tangled up with its notion of political freedom. And yet, the right wing appropriation of this tradition is racked with contradictions in terms of neoliberal policies.

The advocates of neoliberalism have attacked what they call big government when it has provided essential services such as crucial safety nets for the less fortunate, but they have no qualms about using the government to bailout the airline industry after the economic nosedive that followed the 2000 election of George W. Bush and the events of 9/11. Nor are there any expressions of outrage from the cheerleaders of neoliberalism when the state engages in promoting various forms of corporate welfare by providing billions of dollars in direct and indirect subsidies to multinational corporations. In short, government bears no obligation for either the poor and dispossessed or for the collective future of young people.

As the laws of the market take precedence over the laws of the state as guardians of the public good, the government increasingly offers little help in mediating the interface between the advance of capital and its rapacious commercial interests. Neither does it aid non-commodified interests and non-market spheres that create the political, economic, and social spaces and discursive conditions vital for critical citizenship and democratic public life. Within the discourse of neoliberalism, it becomes difficult for the average citizen to speak about political or social transformation, or to even challenge, outside of a grudging nod toward rampant corruption, the ruthless downsizing, the ongoing liquidation of job security, or the elimination of benefits for people now hired on part-time.

The liberal democratic vocabulary of rights, entitlements, social provisions, community, social responsibility, living wage, job security, equality, and justice seem oddly out of place in a country where the promise of democracy has been replaced by casino capitalism, a winner-take-all philosophy, suited to lotto players and day traders alike. As corporate culture extends even deeper into the basic

institutions of civil and political society, buttressed daily by a culture industry largely in the hands of concentrated capital, it is reinforced even further by the pervasive fear and insecurity of the public that the future holds nothing beyond a watered down version of the present. As the prevailing discourse of neoliberalism seizes the public imagination, there is no vocabulary for progressive social change, democratically inspired visions, or critical notions of social agency to expand the meaning and purpose of democratic public life. Against the reality of low wage jobs, the erosion of social provisions for a growing number of people and the expanding war against young people of colour at home and empire-building abroad, the market-driven juggernaut of neoliberalism continues to mobilize desires in the interest of producing market identities and market relationships that ultimately sever the link between education and social change while reducing agency to the obligations of consumerism.

As neoliberal ideology and corporate culture extend even deeper into the basic institutions of civil and political society, there is a simultaneous diminishing of non-commodified public spheres — those institutions such as public schools, independent bookstores, churches, non-commercial public broadcasting stations, libraries, trade unions and various voluntary institutions engaged in dialogue, education, and learning—that address the relationship of the individual to public life and foster social responsibility and provide a robust vehicle for public participation and democratic citizenship. In the vacuum left by diminishing democracy, religious zealotry, cultural chauvinism, xenophobia, and racism have become the dominant tropes of neoconservatives and other extremist groups eager to take advantage of the growing insecurity, fear, and anxiety that result from increased joblessness, the war on terror, and the unravelling of communities.

The Socialist Position

When socialists argue for “decommodifying” taking out of private market provision such basic human needs as healthcare, childcare, education, transport, and housing, they have in mind a

decentralized and more fully accountable welfare state than exists in Western democracies. While state financing of such goods is necessary to insure equity, decentralized social provision through community-based institutions must make welfare provision more human-scale and accessible. Democratic control of consumption should be as central to the socialist vision as democratic control over production, particularly given popular mistrust that socialism would be a bureaucratic nightmare, which treated people as clients rather than citizens.

While the exact details of a socialist economy are open to debate, it will most likely be a mixture of democratic planning of major investments (e.g., expenditure on infrastructure, investment in natural monopolies such as telecommunications, utilities, transport) and market exchange of consumer goods. Large, concentrated industries such as energy and steel would be publicly owned and managed by worker and consumer representatives. Many consumer-goods industries would be run as cooperatives. Workers would design the division of labour within their workplaces and thus overcome the authoritarianism of the traditional capitalist firm.

Economic planning would set a guiding strategy by means of fiscal and monetary policy, with the daily coordination of supply and demand left to the market. But this market would be socialized by rendering it transparent. Enterprises would be obliged to divulge information about the design, production processes, price formation, wage conditions, and environmental consequences of the goods that they make. Publicly supported consumers' unions would analyze this data and propose norms to govern various aspects of these practices. Information about actual production processes and proposed norms would then be disseminated via universal, publicly supported communication networks such as the Internet. This would encourage dialogue between producers and consumers over what is socially needed.

Again, there is no final blueprint for socialism. But, only under socialism will fully democratic debate over the use of society's wealth be possible and the satisfaction of people's basic needs assured. Productive activity will become not merely a way to acquire money,

but a means to develop the whole creative potential of all working women and men.

Chapter 8

Socialist Internationalism versus Capitalist Globalization

Overview

Socialists are naturally internationalists. Their concerns are global concerns—as well as local concerns. They aren't against globalization. They are against capitalist globalization. The clarion call of the Communist Manifesto is: “[Proletarians] of all countries, unite.”(CW6, 519)_Socialists have called for socialist globalization rather than socialism in one country. And, it was Marx and Engels who noted in the middle of the 19th century the great development of globalization. “The need”, they said in the Communist Manifesto, “of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe.” (CW6, 487) They go on to say that “through its exploitation of the world market [it has] given a cosmopolitan character to production and consumption in every country ... [and has created a] universal inter-dependence of all nations.” With cheap prices, “it batters down all Chinese walls.” (CW6, 488)

Introduction

An explanation of the movement towards socialist internationalism and global polarization is essential here. The polarization of incomes confirms the importance of the theory in its first sense. While the wealth of three multimillionaires exceeds the GDP of 48 nations and a person on the periphery dies of hunger every four seconds, it is difficult to ignore the widening of the gap between the advanced and underdeveloped countries. Today nobody could believe that this asymmetry is a temporary phenomenon, to be ultimately corrected by the benefits of globalization. The peripheral

countries are not simply the “losers” from globalization; they are also subjected to an intensification of the transfers of income that have historically held back their development.

This drainage has led to the intensification of extreme poverty in the 49 poorest nations and major deformations of partial accumulation in the dependent semi-industrialized countries. In this second case, the prosperity of those sectors inserted in the international division of labour is bought at the expense of those economic activities centred on the internal market. The analysis of imperialism does not offer a conspiracy theory of underdevelopment nor does it absolve the local governments of responsibility for this situation. It simply presents an explanation of the polarization of accumulation on a world scale and the reduction of the possibility of its evening out among different economies. The accelerated margin of development which in the 19th century allowed Germany and Japan to acquire the status of great power, held until then by France or Great Britain no longer exists today for Brazil, India or Korea. The map of the world thus modelled, according to Claudio Katz, in *‘New economic turbulences’*, IV 330, May, 2001, is characterized by a ‘stable architecture’ of the centre and a ‘variable geography’ of underdevelopment, the only possible modifications being those of the peripheral status of each dependent country.

The theory of imperialism attributes these asymmetries to the systematic transfer of the value created in the periphery towards the capitalists of the centre. This transfer is concretized through the deterioration of the terms of trade, the extraction of financial resources and the transfer of industrial profits. The political effect of this drainage is the loss of the political autonomy of the peripheral ruling classes and the increasing level of US military intervention. Three aspects of contemporary imperialism can be clearly observed in the reality of Latin America and Africa today. Economic expropriation, political recolonization and military interventionism are these three pillars of the current imperialism. Some analysts limit themselves to describing this oppression as an inexorable destiny, in a resigned manner. Some present the fracture between ‘winners and losers’ of globalization as a ‘cost of development’, without explaining

why this price persists over time and is still being charged to those nations who have already paid it in the past.

The neo-liberals tend to prognosticate that the end of underdevelopment will happen in those countries that gamble on 'attracting' foreign capital and the 'seduction' of companies. However, the dependent nations who have entered on this road in the past decade by opening their economies up are now paying the heaviest price in the 'emergent crises'. Those who were the most committed to privatisation have lost most on the world market. In providing every facility to imperialist capital, they have lifted the barriers that limited the pillage of their natural resources and they are paying for it today by more asymmetrical trade exchanges, growing financial instability and a sharpened industrial disarticulation.

Some neo-liberals attribute these effects to the limited application of their recommendations, as if a decade of negative experiences had not furnished enough lessons as to the result of their recipes. Others suggest that underdevelopment is a consequence of the temperamental inadequacies of the population of the periphery, the weight of corruption or the cultural immaturity of the peoples of the Third World. In general, the colonialist argument has changed style, but its content remains invariable. Today the superiority of the conquerors is no longer justified by their racial purity, but by their superior knowledge and patterns of behaviour.

Capitalist Globalization

Globalization has a long history, perhaps even from the European 'discovery' of North America in its search for the riches and markets of China. The important question is the way globalization has changed rather than how much it has expanded. It is a question of structure and quality rather than quantity. By the early 17th century, the drive for satisfying the whims and desires of the bourgeoisie had reached an intense level. Ships were returning to Europe with delicacies (spices and tea from India), finery (pelts for hats from Canada), exotica (porcelain from China), and other luxuries (for example, tobacco and silver from the 'new world'. Descartes

described Amsterdam (in 1631) as “an inventory of the possible.” “‘What place on earth,’ he asked, ‘could one choose where all the commodities and all the curiosities one could wish for were as easy to find as in this city?’”

Over two hundred years before the Communist Manifesto, fleets of ships were plying the seas to bring back all sorts of products from new lands for the home market. By the time of the Communist Manifesto, those new lands were fast becoming saturated markets. The bourgeoisie created wants in its colonies where it hawked its products. It appeared that it had stretched its markets to every corner of the globe. But things have changed significantly since Marx’s time. The tables have been turned, and the lands of the bourgeoisie have become the markets for cheap products, especially from the land of the Great Wall. China now feeds those who are addicted to consumerism in the homelands of capitalism. And the Great Wall still stands--and profits by selling junk food to those who flit around the globe. Whole factories are now sent to all parts of the globe, especially China, to exploit workers elsewhere and to further exploit the ‘needs’ of consumers at home. More and more people are caught in the contradictions of contemporary globalization as industries are closed in the centres of capitalism, livelihoods are decimated or squeezed, and environments are destroyed. Globalization has changed with new complexities. Marx (1976:519) would now stand in wonder and horror in learning about export processing zones, structural adjustment, and public-private partnerships. Marx and Engels predicted change in relations and what capitalism calls civilization, but little did they know how different globalization would become 160 years later. Now capitalism uses free trade, regarded by them with such contempt, to move whole factories of computerized machines to other countries with cheap labour or to move vast armies of cheap labour to new industries. Still further changes in globalization seem to be in process in the 21st century. It is now clear that free trade is more about unfettered investment rather than expanded markets. As Samir Amin (2008:51-61) argues, the end “of the post-war systems has reversed the balance of forces to the direct advantage of capital, and high finance has found itself

capable of seizing the command posts.”_Globalization is now financialization with “a significant levy on the surplus ... to the benefit of high finance.” Finance capital has gained hegemony in directing capitalism. Marx and Engels who marvelled at the wonders of capitalism like “railways [and] electric telegraphs” (CW6, 489) would have been impressed by light bulbs, radios, trucks, and anaesthetics. They would see our contemporary world with supersonic jets, international space stations, digital information, satellite communication, MRIs, etc. as a fantasy world beyond belief. After a short period of adjusting from the time, and technology, gap, they would also see it as twisted. World trade and globalization has changed in important structural ways with even more complexities across the globe. Marx found it impossible in his day to even start his projected work on world trade. It would be beyond his wildest dreams now, but he would embark with vigour and excitement together with others to try to understand what is happening on a global scale. And his point would still be to change the world. “The world desperately needs the socialist tradition to revive.”

As globalization has changed, so might the ways that people respond in order to establish truly human societies across the globe. If the world is differently globalized, then the people may be differently mobilized and organized. For Marx and Engels, the workers of the world should unite, and in various ways the socialist movements have searched for the vanguard for winning a new world of socialism. With Marx, and for many years after him, the principal concern was with revolutionary leaders_and well-trained vanguards. Because of the successes of the leaders, or sometimes their failures, whole nations have been set up as models of socialism.

Enough history is behind us to see the error in our ways. As the world is globalized and the capitalist pressures and the virus of neoliberalism from capital spread, we do not have socialism in any country that can serve as a model for another country. No longer can we unite around a home of socialism with a hope of spreading its image across the globe. Disappointments have also grown around attempts to understand who will unite to change the world. Socialists have gone from the proletariat as a whole (Marx) to the working-class

vanguard (Lenin) to the new working class (Mallet) to the contradictory class (Wright) to no proletarian class (Levine), with many taking these positions and other variations. According to some, it is not just that the world no longer has a proletariat of the sort that the early socialists counted on. It is not clear who will act to win a new world.

Twenty five years after the publication of the Communist Manifesto, Marx and Engels abandoned their revolutionary measures of 1848. Otherwise, they said, the Manifesto stands as it was, except for a few details here and there. They retained their call on the proletarians of the world to unite. It is difficult not to agree with this clarion call, but I think closer attention reveals that the rhetorical flourish hides the need for new approaches to contemporary conditions.

The misperception

Marx may have underestimated the capitalist state's ability to regulate the business cycle, but the stagnation and restructuring of capitalism since the 1970s demonstrates that the system is less stable than its apologists contend. The growing internationalization of capital (which Marx envisioned) erodes the ability of nation-states to control their economic destiny. Thus, if socialism is to be a viable movement in the twenty-first century it must become as international as is capital. How to maintain living standards in the First World while promoting equitable development in the (former) Third World poses a major challenge for democratic socialists.

Lenin's theory of imperialism was dominant on the socialist left until the 1960s. His theory held that the advanced capitalist nations would export their surplus capital to the less developed world. While the developed capitalist nations would control this capital, Lenin envisioned rapid development in the colonized nations and the eventual rebellion of their emerging working classes. In fact, few Third World countries experienced vigorous industrial growth until the 1960s and most overseas capital investment went to other First World nations. In the post-war period, as radical economists

acknowledged the relative stagnation of less developed economies and the overall flow of capital out of the developing countries to the First World, the theory of “the development of underdevelopment” (or “dependency theory”) emerged. Rather than industrializing the Third World, First World imperialism, according to dependency theory, relegated developing countries to producers of cheap raw materials and agricultural products. If industrialization occurred it was limited to “export platforms” producing relatively cheap goods for export to the imperial country.

While dependency theory partly explained the evolution of the poorest Third World nations (though it ascribed too much causal power to the world market and too little to internal class relations), it could not explain the emergence of significant industrial producers in East Asia and parts of Latin America. Nor could it explain how abject poverty could coexist with advanced industrial production. “Post-dependency” analysis explained how a strong state bureaucracy could ally with foreign and domestic capital to foster industrial growth. But such development rarely served the needs of the local economy for light industry and agricultural development. In addition, as it was heavily financed by foreign borrowing, this industrialization’s “success” was often based on low-wage production guaranteed by state repression of labour unions. In “newly industrializing countries” such as Brazil, Mexico, and South Korea, industrialization is no longer the question. The question is whether this industrialization can benefit domestic workers rather than domestic elites and foreign consumers.

Democratic socialists favour an industrialization that will not repeat the social and ecological horrors of recent industrial experiences. We want ecologically sound growth of “qualitative gross national product,” not simply quantitative product. Expending funds on environmentally sound technology is one way of increasing the qualitative product. Improvements in human services and growth in leisure time would also enhance the quality of life. There may well be ecological limits to strictly “quantitative” growth, but socialism will prove attractive to the world’s population only if it both

quantitatively and qualitatively enhances the standard of living of people in the less developed world.

Over twenty-five years of a “deregulated” world economy, imposed by conservative and “Third Way” centre-left governments in the developed world and by the International Monetary Fund throughout the rest of the planet, has severely increased global inequality. Masked in the rhetoric of “comparative advantage” and economic efficiency, “free market” policies impose the gutting of living standards and labour rights. By demanding that all nation-states remove regulatory constraints on corporations, cut social welfare programs, enact fiscal austerity, and declare war on unions, the World Trade Organization ensures that capital will be able to move labour-intensive forms of production to the “lowest cost producers” in the developing world. While more knowledge-intensive production remains in advanced industrial nations, such as software design and computerized tool production, the disproportionate share of the benefits of productivity increases goes to the top twenty percent of the population, the “symbolic manipulators” who organize production itself.

Contrary to mainstream propaganda, nation-states can still influence corporate behaviour. To do so they must engage in regional and international cooperation aimed at instituting a new global social contract that would level up living standards, impose labour and environmental regulations upon transnational corporations, and regulate global financial actors in the interests of equitable and sustainable development. A rebuilt international socialist movement must work towards international cooperation among states to re-institute capital controls and reverse the unfavourable economic conditions of developing nations. If the social democratic welfare state can no longer be sustained strictly on a national level, it must be created on an international level. Absent a worldwide New Deal, even the “privileged” workers of the advanced industrial nations may join the global majority in poverty and hunger. If global social democratic capitalism proves impossible, there will be no chance for an international movement towards the full socialization of the world economy.

Four political challenges

A new internationalism has erupted with the movement for 'another globalization'. These mobilizations are marked by a challenging of the principles of competition, individualism and profit and have already generated an advance in anti-capitalist consciousness, reflected in some of the slogans of the movement ('the world is not for sale'). Helping to transform this embryonic critique of capital into an emancipatory proposal is the first task that falls to socialists.

This alternative is already being debated in the world forums, when one analyses the social perspectives of the spontaneous internationalism of the movement. In this movement, there is a consistent opposition to the fundamentalist reactions against imperialist atrocities and a similar rejection of ethnic or religious confrontations between the exploited peoples, provoked by the right. This internationalist solidarity is incompatible with any kind of capitalist project, for such a project can only promote exploitation and thus stimulate national confrontations. Only socialism offers a perspective of real community between the workers of the world.

The generalized revival of the anti-imperialist struggle at the periphery represents the second challenge for socialists. Some theorists ignore this eruption, because they have decreed the end of nationalism and celebrated this disappearance without being able to distinguish between the reactionary and progressive currents of this movement. These authors declare, moreover, the uselessness of any tactic, strategy or political priority towards the new 'horizontal struggles' for according to them these are combats between capital and labour without any form of mediation (Antonio Negri & Michael Hardt.2000:preface, chapters I-3, II-2).

This vision constitutes a crude simplification of the national struggle, for it puts in the same bag the Taliban and the Palestinians, the executors of the ethnic massacres in Africa or the Balkans and the artisans of the wars of liberation of recent decades (Cuba, Vietnam, Algeria). It does not distinguish or situate progress and reaction. For this reason it does not understand why the peoples of

the Third World fight for the abolition of the foreign debt, the nationalization of energy resources or the protection of local production.

Defining tactics and conceiving specific strategies is all the more important in that the national demands of the exploited of the periphery have no meaning for the workers of the central nations. The trans-nationalist viewpoint repeats the old neo-liberal hostility towards the concrete forms of popular resistance in the underdeveloped countries, employing a more radical language. Its imprecision diffuses a sentiment of powerlessness in the face of imperialist domination, for in the world they describe—without frontiers, centres and territories—it is impossible to localize the oppressor or choose the method of confronting them.

The third challenge for socialists is conceiving the strategies of seizure and radical transformation of the state to open the road to emancipation. This objective demands the demystification of the neo-liberal questioning of the utility of state intervention and neutralist faith of constitutionalism which masks the control by the dominant class over this institution. In particular, the opposition between neo-liberal deregulators and the advocates of regulation only hides a common capitalist management of the state. This manoeuvre is the cause of the growing divorce between society and state. The more public affairs depend on entrepreneurial profits the greater the weight acquired by the apparatuses and bureaucracies distant from the needs of the majority of the population.

But the transcendence of this fracture demands the inauguration of a new collective management allowing an advance to the progressive extinction of the elitist and oppressive character of the state. This objective cannot be attained through a magic act of dissolution of institutions that have age-old roots, nor by engaging on the enigmatic emancipatory road proposed by those who postulate a change of society that renounces the seizure of the state and the exercise of power as indicated by John Holloway ('Entrevista', Página 12, December 3, 2001).

Claims

There are two distinct sets of claims about capitalism's change and labor's weakness. First, geographical shifts are said to have undermined local and national strategies of resistance. This works directly, as capital's mobility allows it to find ever-cheaper labour and to play workers in one place off against those in another. It also works indirectly, undermining the capacity of nation states to deliver pro-labour and welfare reforms (Rowley and Benson, 2000). Finance in particular can simply disappear to wherever states provide a conducive environment. Capital's mobility thus extracts more "corporate welfare" while the burden of paying for it shifts to the poorest and least mobile, especially to workers. Therefore, globalization throws workers in different places and countries into ever sharper competition with each other.

Second, it is claimed (Castells, 1996, 1997 and 2000) that a "disorganized capitalism" means widening social differences. New technologies, particularly in information and communication, supposedly transform both corporate structures and the nature of work. The giant factories of industrial capitalism are replaced by complex networks of smaller firms, while an increasing emphasis on knowledge and "symbolic manipulation" makes physical labour less important (Reich, 1991). In this "new economy" some skilled workers do well but as individuals not collectively. Other work is degraded and, with more competition for fewer unskilled jobs, those at the bottom suffer. Thus, even according to more sober accounts, there is greater polarization within the working class, with growth at the two ends of the skill spectrum historically least susceptible to organization.

Chapter 9

Contemporary Capitalism and the Revolutionary Working Class Movement

Overview

A real capitalist crisis would adversely affect profit margins, gross earnings and the accumulation of “cash piles”. Rising profits are being hoarded because as capitalists profit from intense exploitation, mass consumption stagnates. Crises theorists confuse what is clearly the degrading of labour, the savaging of living and working conditions and even the stagnation of the economy, with a ‘crises’ of capital: when the capitalist class increases its profit margins, hoards trillions, it is not in crises. The key point is that the ‘crises of labour’ is a major stimulus for the recovery of capitalist profits. We cannot generalize from one to the other. No doubt there was a moment of capitalist crises (2008-2009) but thanks to the capitalist state’s unprecedented massive transfer of wealth from the public treasury to the capitalist class – Wall Street banks in the first instance – the corporate sector recovered, while the workers and the rest of the economy remained in crises, went bankrupt and out of work.

Introduction

Today, the contemporary proletariat is heterogeneous, consisting of the working class of the socialist countries, the capitalist countries and the countries that have shaken off the yoke of colonialism as a result of crass exploitation in the name of “capitalist crisis.” In this huge army of labour an important place is occupied by the numerically large working class of the capitalist countries, which still has to fulfil its great liberating mission. In this chapter we shall deal primarily with this contingent of workers, with its aims and tasks and with the conditions and difficulties of its selfless struggle against

capitalism. Inasmuch as this struggle is being waged under conditions of contemporary capitalism, let us start with an analysis of these conditions and show the essence of contemporary capitalism.

The “Crisis” of World Capitalism

The socialist world is opposed by the world of capitalism, in which private ownership and exploitation are predominant. The latter world has no historical prospects and is experiencing a deep general crisis caused by the objective laws and the irreconcilable contradictions of capitalist development. The general crisis of capitalism is a state of its decline and disintegration, a state embracing all capitalist countries, the entire capitalist world from top to bottom: its economy and social system, its policy, ideology and culture. Gripped by this general crisis the capitalist world is finding it increasingly more difficult to retain in its orbit individual countries that prefer to break away from it and take the road of socialist development.

The beginning of this crisis, its first stage, was sparked off by the October Socialist Revolution in Russia, as a result of which capitalism ceased to be the only and all embracing world social system. Despite all its efforts, it proved to be unable to hinder the formation of the Soviet Union. The world's first socialist state withstood the military crusades, the economic blockade, the endless slander campaigns and the ideological sabotage of the imperialists, thereby demonstrating its vitality and invincibility. The second stage of this general crisis began during World War II and the socialist revolutions that took place in Europe and Asia. Today capitalism is no longer the only world system: socialism has stepped across the boundary of one country, and along with the world capitalist system there is now a world socialist system.

The New, Third Stage of the General Crisis

The present, third stage of the general crisis of world capitalism started in the 1950s and its main feature is that there has been a

radical change in the balance of world forces in favour of socialism. More and more countries are breaking away from capitalism and the forces working for socialism and social progress are rapidly growing throughout the world. The position of imperialism in the world-wide economic competition with socialism is inexorably growing weaker. The unparalleled upsurge of the national liberation movement has brought about the downfall of the imperialist colonial system. It is important to note that the new stage of the general crisis of capitalism was brought on not by a world war but by peace, by the peaceful coexistence of states with opposing social systems. One of the features of this new stage is that there has been an acceleration of the inner instability and decay of capitalist economy.

The unsteady rates of production growth, the constant underemployment of production capacities and the economic slumps that periodically shake the capitalist world eloquently show that capitalism is steadily losing its ability to make full use of its productive forces, let alone to apply the latest scientific and technical achievements in the interests of the people. In the U.S.A., for example, there have been several economic recessions since the war. The 1957–58 slump alone cost the country 60,000–65,000 million dollars' worth of industrial output and pushed industrial production down to the 1953 level. The workers' loss in wages amounted to 19,678,000 million dollars. At the close of 1960 only 70 per cent of Canada's and 80 per cent of Japan's industrial capacities were in operation. In 1961 industry was underemployed by 12 per cent in the Federal Republic of Germany and by a still higher percentage in Britain and Belgium. Entire industries are being curtailed: shipbuilding in Italy and France, textile manufacturing and railway transport in Britain, and so forth. Capitalism is unable to make full use of the main productive force—the working people—thereby dooming the working masses to unemployment, depriving them of the means of subsistence.

Official bourgeois statistics indicate that 8,000,000–10,000,000 people are fully unemployed in North America, Western Europe, Japan and Australia. Of this number, at least half are in the United States of America. Instead of serving people, automation and

mechanization, those superb achievements of the human intellect, are used to the detriment of the working man. In the U.S.A. automation and mechanization are making 1,800,000-2,000,000 people redundant annually. From this one can infer that in the capitalist countries the conflict between the productive forces and the relations of production has become unprecedentedly acute, that capitalist relations of production are fettering the productive forces.

But this does not mean that the economic development of imperialism has stopped. The desire to win the economic competition with the world socialist system, the demands of contemporary scientific and technical progress and, mainly, the ruthless rivalry within the capitalist system are compelling the capitalists to improve production and utilise the latest achievements of science and technology. This and the need to replace obsolete or destroyed plant as well as the influx of considerable capital from the U.S.A., the vast army of reserve workers, and so on account for the post-war relatively high rates of economic development in a number of capitalist countries. However, these rates are not stable and do not abolish the cyclic nature of the development of capitalist production, under which periods of economic booms give way to periods of decline. In the present new stage of the general crisis, all the other contradictions of capitalism are becoming more acute than ever before. The struggle between labour and capital is gaining momentum, and the interests of nations clash with the mercenary aspirations of a handful of monopolists, who have gained control of the state machine. Due to the uneven economic and political development of the capitalist countries, the alignment of forces within the capitalist system is changing rapidly, the antagonisms between individual and blocs of capitalist countries are becoming more and more apparent and the competition in the capitalist market is intensifying. Imperialism's internal and foreign policy is facing a growing crisis expressed in a reactionary offensive in all spheres, the repeal of bourgeois liberties, the setting up of tyrannical fascist regimes, and the loss by imperialism of its former role in international affairs. Bourgeois ideology is likewise in the grip of a deep-rooted crisis, highlighted by pessimism and fear of the future, by mysticism

and a lack of faith in science and in the creative powers and potentialities of man, by denial of progress and slander campaigns against communism, and by defence of the system of hired slavery and oppression. Bourgeois ideology has long ago lost its ability to advance ideas that can attract the masses, for it is an ideology of a class that is leaving the stage of history.

The aggravation of all the contradictions of capitalism and of its general crisis is evidence that the socialist revolution, whose mission is to destroy capitalism with its reactionary policy, ideology and relations of production, is a pressing historical need. Frequently the question asked is why capitalism still exists in many countries, particularly in highly developed countries, despite the fact that its contradictions (primarily the conflict between UK; productive forces and the relations of production) make the socialist revolution a historical need. It should be borne in mind that the conflict in the capitalist mode of production creates the objective possibility for a revolution, but this possibility can be turned into reality only by a social force able to utilise this possibility. That force is the revolutionary alliance between the working class and the non-proletarian masses, an alliance headed by a Marxist party.

Such a force has not yet matured in a number of countries due to the rift in the working class and the political resourcefulness of the bourgeoisie, which with whip and cake, a long-standing policy, stupefies part of the working people with bourgeois illusions, feeds bribes to workers' leaders and does its utmost somehow to ease the antagonism between labour and capital. An important role in preserving capitalism is also played by the bourgeois state, by its huge apparatus of physical coercion (army, police, courts, prisons) and ideological influence (schools, the church, the press, the radio, and so on). To this it should be added that due to insufficient time, former backwardness and difficult conditions of development the socialist countries have not yet surpassed the developed capitalist countries in per capita production. Naturally, the building of socialism in these countries could not help but be accompanied by difficulties and errors, and this too delayed the drawing of a certain section of the

working people of the non-socialist world into an active struggle for socialism.

State-Monopoly Regulation and the Working Class

Contrary to this “global capitalist crises” theorists, a substantial amount of data has surfaced which refutes its assumptions. A recent study reports “US corporate profits are higher as a share of gross domestic product than at any time since 1950” (*Financial Times* of 1/30/12). US companies cash balances have never been greater, thanks to intensified exploitation of workers, and a multi-tiered wage systems in which new hires work for a fraction of what older workers receive (thanks to agreements signed by ‘door mat’ labour bosses).

The “crises of capitalism” ideologues have ignored the financial reports of the major US corporations. According to General Motors 2011 report to its stockholders, they celebrated the greatest profit ever, turning a profit of \$7.6 billion, surpassing the previous record of \$6.7 billion in 1997. A large part of these profits results from the freezing of its underfunded US pension funds and extracting greater productivity from fewer workers-in other words intensified exploitation-and cutting hourly wages of new hires by half. (*Earthlink News* of 2/16/12).

Moreover, the increased importance of imperialist exploitation is evident as the share of US corporate profits extracted overseas keeps rising at the expense of employee income growth. In 2011, the US economy grew by 1.7%, but median wages fell by 2.7%. According to the financial press “the profit margins of the S and P 500 leapt from 6% to 9% of the GDP in the past three years, a share last achieved three generations ago. At roughly a third, the foreign share of these profits has more than doubled since 2000” (*Financial Times* of 2/13/12 P9). If this is a “capitalist crises “then who needs a capitalist boom ?

Surveys of top corporations reveal that US companies are holding 1.73 trillion in cash, “the fruits of record high profit margins” (*Financial Times* 1/30/12 p.6). These record profit margins result from mass firings which have led to intensifying exploitation of the

remaining workers. Also negligible federal interest rates and easy access to credit allow capitalists to exploit vast differentials between borrowing and lending and investing. Lower taxes and cuts in social programs result in a growing cash pile for corporations. Within the corporate structure, income goes to the top where senior executives pay themselves huge bonuses. Among the leading S and P 500 corporations the proportion of income that goes to dividends for stockholders is the lowest since 1900 (*Financial Times* of 1/30/12, p.6).

As the so-called general “crisis” of capitalism deepens, its ideologists and politicians make every effort to embellish capitalist society, camouflage its misanthropic nature and present the processes in it in a false light. They seek to prove that the nature of capitalism has changed, that it is synthesizing with socialism into a single “industrial society” with a high level of consumption. To back up this theory they allege that, like socialism, contemporary capitalist society has become completely governable and that the aim of capitalist production is to ensure the masses the highest possible level of consumption.

Capitalism is governed by the capitalist market, by capitalist competition. Once this was the only regulator of capitalist economy. However, the growth of pre-monopoly into monopoly capitalism, and the outbreak of the general crisis made this regulator inadequate for the functioning, let alone the further development of capitalism. The monopolies were forced to invest the bourgeois state with the function of direct intervention in the process of capitalist reproduction, in the process of social life. This is one of the cardinal reasons, dictated by economic pressure, for the rise of state-monopoly capitalism, in which the economic might of the monopolies has merged with the political power of the state. This, it goes without saying, is not the only reason, in the same way as interference in production is not the only aim behind the linking up of the power of the monopolies with that of the state. The purpose behind this process is to enrich the monopolies, crush the working-class movement and the national liberation struggle, save the capitalist system and unleash wars of aggrandizement. However,

these aims cannot be realised without preserving what is basic in capitalism—its economy, founded on private ownership.

The bourgeois state accomplishes its regulating (programming) role chiefly in the sphere of state ownership, “state economy”, emanating from capitalist nationalization and representing nothing more than collective ownership by the monopolies. The state directly manages the enterprises and entire industries, transport, banks, insurance agencies and other establishments belonging to it. However, the programming role of the bourgeois state is not confined to its property and manifests itself in one way or another in the entire economy and social life of capitalism.

One of its primary concerns is at least partially to remove indications of the general crisis of capitalism, particularly the crises of overproduction. To counter crises the bourgeois state places ever larger orders, especially orders of a military nature, with the monopolies; artificially holds up the production of consumer goods and thereby reduces the supply; extends economic aid to the 82 monopolies, granting, in particular, non-repayable subsidies to monopolies finding themselves in financial difficulties; creates extra-norm state reserves by purchasing surplus goods from the monopolies, and so forth. The brunt of this burden is borne by the working masses, through taxes from which, in the main, is formed the state budget used to finance anti-crisis measures. At the same time, the monopolies are ensured with fabulous profits.

Under capitalism, state-monopoly regulation of the economy is no longer reduced to anti-crisis measures. It is also exercised at the ascendant stage of the economic cycle with the purpose of securing economic development for a more or less long period. The state coordinates the government and private investment programs, distributes orders and critical raw materials, regulates prices (in favour of the monopolies), redistributes the national income (also in favour of the monopolies) through its tax policy, and allocates credits and subsidies for the modernization of plant. More and more frequently, the bourgeois state plays the role of founder of new branches of production and technology, undertakes the risk of investing capital in branches which at the early stages of development hold out no

promise of a profit large enough to satisfy the monopolies, and controls military production and basic scientific research.

It would be wrong, however, to regard state-monopoly programming as something artificial, as a result of the subjective desire of the monopolists. It is dictated by the course of events, by the requirements of modern production, technology and science. The contemporary scientific and technical revolution demands a greater concentration of production, greater integration of material, financial and manpower resources, and a larger scale of research and experimentation, which the monopolies frequently cannot achieve without support and aid from the state. An extremely important factor stimulating state-monopoly regulation is the economic challenge from the socialist system. In order to meet this challenge the bourgeois state seeks to activize production and increase its rate of development. Yet, no matter how great the role state regulation plays under capitalism, it has nothing in common with scientific 83 regulation of the economy as a whole, with planning, which is incompatible with private capitalist ownership. It neither changes the essence of imperialism nor removes exploitation, chaotic market conditions, competition and anarchy of production.

An eloquent indication of this are the post-war crises of overproduction in the U.S.A., the currency crises in Britain, the inflation in a number of capitalist countries, the unfavourable trade and payments balances, the stock market crashes, the numerous bankruptcies, the flow of gold from the U.S.A., and so on. Regulation has proved to be unable to eradicate the chronic idleness of part of the production capacities and unemployment or to secure stable rates of production growth. State-monopoly capitalism supplements economic regulation with social regulation. In itself, economic regulation implies social regulation, inasmuch as its purpose is not only to ensure the monopolies with enormous profits but also to safeguard capitalism against political and social shocks, in which a far from unimportant role is played by economic crises, unemployment and other ulcers of capitalist economy. The bourgeois state attaches special significance to the regulation of relations between labour and capital, naturally, in favour of the capitalists. Here the bourgeois state

seeks to reconcile something that is irreconcilable within the framework of capitalism, namely, labour and capital, and thereby preserve the capitalist system of exploitation.

Now and then it is compelled somewhat to curb the excessive claims of the monopolists, forcing them to make some concession to the workers and thereby either ease or extinguish the conflicts between labour and capital. It frequently manoeuvres and resorts to social demagoguery, but this does not prevent it from fleecing the working class economically and non—economically, by sheer force. Of course, state-monopoly capitalism complicates and impedes the revolutionary struggle of the working class, for now it has to deal with the combined power of the monopolies and the state.

Yet one cannot fail to appreciate that nationalization, the setting up of a state sector in capitalist economy, and economic and other programming reflecting the long-term interests of the monopolies, and 84 their economic and political strategy convincingly reveal the economic and political bankruptcy of capitalism. Socialism is insistently knocking on the door of the capitalist world; the course of events and the development of modern economy are forcing the bourgeoisie to beat a retreat from the “sacred” right to private ownership, to set up a programmable state economy. Although this remains a capitalist economy, the very fact of its emergence indicates that capitalists are not needed as organisers of production, that they are parasites on the body of society.

Moreover, “state economy” prepares the material soil for socialism inasmuch as it can be turned into socialist property most easily and painlessly, as a result of a socialist revolution. For that reason, while opposing the monopolies, the working class champions the nationalization program on a democratic foundation, seeks to secure economic regulation in the interests of the people and claims the right to direct the economic and social life of society. Economic and social regulation does not solve the contradictions of contemporary capitalism, particularly the contradiction between labour and capital. On the contrary, these contradictions grow ever more acute.

Capitalism versus Man

Bourgeois ideologists and politicians maintain that contemporary capitalism is turning into a “people’s capitalism”, that its purpose is to satisfy the needs of man, that it is moving towards a “welfare state” and a high level of consumption. But these very same ideologists and politicians “forget” to specify which man and whose needs and welfare capitalism cares for, for under capitalism there is man who owns means of production (the bourgeois) and man who works (the worker and the peasant). The big proprietors constitute a tiny minority, yet they are the real masters of the capitalist world. It is with their welfare and high living standard that bourgeois ideologists are concerned. The big proprietors hold the key positions in the economy and in political and spiritual life and they own colossal material and spiritual wealth. Thus, a small circle of rich men, comprising only a hundredth part of the population, own 60 per cent of the national wealth in the U.S.A. and more than 50 per cent in Britain. In the early 1960s there were in the U.S.A. at least 85 families with a private fortune exceeding 75 million dollars. Owners of capital, naturally, have unlimited possibilities for satisfying their needs, which frequently acquire the nature of unbridled whims. The millionaires of present-day America are more extravagant than the monarchs and princes of the past have ever been. They spend enormous sums of money to build and run their residences, on luxury yachts, private railways, trains, aircraft, cars, and so forth.

Many of them have turned their wives into walking fortunes: at a ball in Washington, one of the ladies wore jewels valued at several million dollars and was protected by 15 private detectives and a squad of police. These huge assets cannot be earned by honest work. To build up a fortune rivalling that of the Rockefellers, the Mellons or the Du Fonts, a well-paid worker would have to save his pay for nearly a million years! The only source of the fortunes of the monopolists is the exploitation of the working people which is, essentially, misanthropic and incompatible with the nature of man, with his lofty calling and place in life. State-monopoly capitalism is intensifying the exploitation of workers. Witness the fact that during

the first years after the Second World War the norm of surplus value in the U.S. processing industry reached 260–300 per cent, as against 203.3 per cent in 1939, 186.2 per cent in 1929 and 122.2 per cent in 1889.

To characterize the position of the working class under capitalism we have to take the operation of two antipodal trends into consideration. One of these is the uninterrupted trend towards a worsening of the position of the working class, while the second opposes the first and is linked up mainly with the struggle of the working class, which seeks to contain the capitalist offensive against labour.

In some of the developed capitalist countries the working class has bettered its position precisely as a result of a dogged and persevering struggle against the capitalists. Reactionary bourgeois economists claim that there is no impoverishment of the working class in capitalist society. Facts give the lie to this assertion. In capitalist society we observe absolute impoverishment (growth of poverty among the workers in countries that were exploited by the colonialists for many years; of workers in declining industries, coal mining, for example, in developed countries; the unemployed, the disabled, immigrants, and so on) and relative impoverishment of the working class (a steady deterioration of the position of the workers as compared with that of the bourgeoisie, which is growing ever wealthier). One of the manifestations of relative impoverishment is that the profits of the monopolies increase while the proletariat's share of the national income steadily grows smaller. For example in the period 1924–52 the profits of the U.S. monopolies rose 7.7-fold, while the working people's share of the total social product dropped from 59.7 per cent in 1900 to 45.9 per cent in 1956.

In terms of the absolute, i.e., the material, this share is sufficiently high in some developed capitalist countries (U.S.A., the Federal Republic of Germany, Britain, Italy, France and other countries) to ensure a certain section of the working people with a high standard of living. But it should be borne in mind that this high living standard exists side by side with the poverty of another, considerably larger section of the working people of these countries as well as with the

appalling poverty, undernourishment and illiteracy of the bulk of the population of countries that have, for one reason or another, lagged behind in economic development. Even in one of the richest of the capitalist countries, the U.S.A., the government has itself admitted that 32 million people are poverty-stricken. What about the standard of living in the undeveloped countries, whose per capita national income is many times smaller than in the U.S.A.? In Latin America 5,500 people daily die of starvation, disease or premature old age. Yet in that area of the world some 5,000,000 dollars daily go into the pockets of the U.S. monopolists. In the U.S.A., bastion of capitalism, millions of Negroes are exploited and politically and spiritually oppressed.

According to rough estimates, the U.S. monopolies received 4,000 million dollars annually in the 1940s from the super exploitation of Negroes. An existence as miserable as that of the underclass in the U.S.A. is eked out in some of the developed West European countries by millions of worker immigrants who left their homeland, in many cases without their families and relatives, in search of a livelihood. In these countries they are subjected to exploitation and racial discrimination and denied political rights. Employed on the most arduous and hazardous jobs, they receive less for the same work than local workers and live in poverty, squalor and ignorance. The millions of unemployed, whom imperialism has ousted from the sphere of production and thereby deprived of the possibility to display their ability to work, which is the most important and profound manifestation of humanity, can only dream of living like real human beings.

These outcasts of “affluent” society see nothing before them but hopeless penury, the shrivelling up of their physical strength, and spiritual emptiness. Driving for maximum profits, the monopolists are intensifying labour, speeding it up. This, too, is adversely affecting the working man—the organism wears out and ages prematurely, the accident and the occupational disease rates grow, and mental diseases have become a social calamity. In the U.S.A., for instance, nearly 2,000,000 industrial accidents, including 14,000–15,000 fatal cases, are reported annually. Half of the patients in the hospitals are mental

cases: only 56 per cent of the people falling ill receive medical attention. Capitalism pays inadequate attention to people's health. Medical assistance is usually rendered for payment, and the doctor's fees are extremely high. The average American family annually spends nearly half of a month's income on medical assistance. In many capitalist countries there is an acute housing shortage and the old-age pension scheme leaves much to be desired.

Through their monopoly of mental work, the ruling classes spiritually enslave the working man, placing education, science and culture out of his reach. They ensure the spiritual development of the working people only to the extent that it dovetails with their own interests, striving to reduce the education of the children of workers and peasants to vocational training so as to make them qualified solely as hired workers. The misanthropy of imperialism is particularly striking in such an extremely ugly phenomenon of contemporary capitalism as the militarization of the economy.

Enormous assets created by the hands and intellect of the working man are spent not on projects to improve the life of the people but on the production of monstrous weapons of mass annihilation and destruction. In the U.S.A. during 20 post-war years 48 times more money was spent for military purposes than during the 20 years immediately preceding the Second World War. Altogether the capitalist world annually spends more than 100,000 million dollars for military purposes. It is easy to imagine what drastic changes might have taken place in the economic development of the undeveloped countries and in the standard of living of their people if this money had been spent for peaceful purposes. But this can hardly take place under imperialism, where war is the most profitable business of the monopolies. Modern scientific and technical achievements are opening breath-taking prospects for boosting the living standard and the intellectual level of the working man. Yet, in addition to hindering the utilisation of these achievements in the interests of man, the monopolies frequently turn them against him, converting them into ghastly means of annihilation and destruction. Most of the complex and expensive research is in the hands of the monopolies, which, naturally, appropriate the results of this research

and use them to make certain of monopoly profits and to capture markets. The secrecy surrounding research, due to economic rivalry, creates difficulties in exchanging scientific information and gives rise to duplication in research with the result that money and effort are wasted.

The monopolies store away many thousands of important inventions and discoveries until their “commercial value” rises. Take the case of nylon. Its industrial production was started only in 1946–47, i.e., 14 years after it was developed (in 1932). A particular menace to humanity is the utilization of science and technology for military purposes. More than two-thirds of the U.S. scientists and nearly three fifths of the scientists in Britain are working on military projects. Of the funds allocated in the U.S.A. for scientific development, 70 per cent are used for research of a military nature. Contemporary capitalism is thus a misanthropic force. The working people, naturally, cannot reconcile themselves to encroachments on their human rights and dignity. They are doggedly struggling for liberation from imperialism, and this struggle is headed by the working class.

Chapter 10

Summary and Socialist Transformation

Overview

Socialism is no longer the scare word of the past. Socialism involves the large-scale reorganization of the economy, the transfer of trillions from the coffers of predator classes' of no social utility to the public welfare. This change can finance a productive and innovative economy based on work and leisure, study and sport. Socialism replaces the everyday terror of dismissal with the security that brings confidence, assurance and respect to the workplace. Workplace democracy is at the heart of the vision of 21st century socialism. We begin by nationalizing the banks and eliminating Wall Street. Financial institutions are redesigned to create productive employment, to serve social welfare and to preserve the environment. Socialism would begin the transition, from a capitalist economy directed by predators and swindlers and a state at their command, toward an economy of public ownership under democratic control.

Introduction

Contemporary capitalism, sanitized as globalization at a minimum involves the creation of a world economy that is not merely the sum of its national economies, but rather a powerful independent reality, created by the international division of labour and the world market that, in the present epoch, predominates over national markets. Large scale, long-term flows of capital, commodities, technology and labour across national boundaries define the process of globalization. Unfortunately for mankind, this contemporary capitalism has enduringly as well as inevitably created crucial contradictions which cannot easily be overcome.

Among these are the inability to generate sufficient employment, inequality on a global scale, the continuation of imperialism and imperialist wars, continued enclosure of the earth's resources, pauperization, ecological crises, over-production and under consumption, the enormous waste of human potential on a global scale, and the forging of a global working class which is in an ever more precarious position even as net global wealth increases. Worse off still, this dominant mode of production tends to fragment consciousness, drowning class awareness in a sea of consumerism, which is making organizing and class struggle to overthrow it more difficult.

What is undeniable today is the move from Crises to Recovery of Profits: 2008/9 to 2012. The key to the 'recovery' of corporate profits had little to do with the business cycle and all to do with Wall Street's large scale takeover and pillage of the US Treasury. Between 2009-2012 hundreds of former Wall Street executives, managers and investment advisers seized all the major decision-making positions in the Treasury Department and channelled trillions of dollars into leading financial and corporate coffers. They intervened financially troubled corporations, like General Motors, imposing major wage cuts and dismissals of thousands of workers.

Wall Streeters in Treasury elaborated the doctrine of "Too Big to Fail" to justify the massive transfer of wealth. The entire speculative edifice built in part by a 234 fold rise in foreign exchange trading volume between 1977-2010 was restored (*Financial Times* of 1/10/12, p.7). The new doctrine argued that the state's first and principle priority is to return the financial system to profitability at any and all cost to society, citizens, taxpayers and workers. "Too Big to Fail" is a complete repudiation of the most basic principle of the "free market" capitalist system: the idea that those capitalists who lose bear the consequences; that each investor or CEO, is responsible for their action. Financial capitalists no longer needed to justify their activity in terms of any contribution to the growth of the economy or "social utility". According to the current rulers Wall Street must be saved because it is Wall Street, even if the rest of the economy and people sink (*Financial Times* of 1/20/12, p.11). State bailouts and financing

are complemented by hundreds of billions in tax concessions, leading to unprecedented fiscal deficits and the growth of massive social inequalities. The pay of CEO's as a multiple of the average worker went from 24 to 1 in 1965 to 325 in 2010 (*Financial Times* of 1/9/12, p.5).

The ruling class flaunts their wealth and power aided and abetted by the White House and Treasury. In the face of popular hostility to Wall Street pillage of Treasury, Obama went through the sham of asking Treasury to impose a cap on the multi-million dollar bonuses that the CEO's running bailed out banks awarded themselves. Wall Streeters in Treasury refused to enforce the executive order, the CEO's got billions in bonuses in 2011 . President Obama went along, thinking he conned the US public with his phony gesture, while he reaped millions in campaign funds from Wall Street!

The reason Treasury has been taken over by Wall Street is that in the 1990's and 2000's, banks became a leading force in Western economies. Their share of the GDP rose sharply (from 2% in the 1950's to 8% in 2010" (*Financial Times* of 1/10/12, p.7). Today it is "normal operating procedure" for President's to appoint Wall Streeter's to all key economic positions; and it is 'normal' for these same officials to pursue policies that maximize Wall Street profits and eliminate any risk of failure no matter how risky and corrupt their practitioners. The claim goes that There Is No Alternative(TINA) to these policies.

The Blowback of TINA

There is a terrible rule of war. Whatever new weapon that you introduce onto the battlefield, your adversary will eventually acquire it as well. Indeed, they will often use an industrial-strength version of that very same weapon against you. Hiram Maxim invented the modern machine gun—automated and oil-cooled—but the British army dismissed the invention. Not so the Germans, who used it with deadly accuracy against the British in World War I. The French, meanwhile, were the first to use modern chemical warfare in 1915 by deploying tear gas against the Germans with little effect. The

Germans quickly improved on the innovation by developing chlorine gas, and later mustard gas, with devastating effect. And, of course, Americans invented nuclear weapons and then spent the next half-century trying to forestall their use by others. The perfect weapon, however, has no odour and makes no sound. It has no half-life. It doesn't require huge factories and production lines. There are no truly effective defences.

The perfect weapon, of course, is ideology. And the United States, in the nuclear age, believed that it had created just such a perfect weapon. Washington would export the American version of liberal democracy and refashion the world in its own image. In so doing, America would make the world safe not so much for democracy, but for Americans. But a funny thing happened on the way to hegemony. The very ideology that the United States assumed would defeat all comers has in fact been turned against the United States. Liberal democracy contains within it the very seeds of the American empire's destruction. Call it blowback, TINA-style.

But before tackling the paradox of There Is No Alternative, let's first look at how liberal democracy was supposed to work. The first component of America's ideology of export is the market. According to the late 17th-century theory of *le doux commerce*, sweet commerce, trade smoothes the rough edges of human interaction. "There was much talk, from the late seventeenth century on, about the *douceur* of commerce," writes theorist Albert O. Hirschman. "Sweetness, softness, calm, and gentleness [are] the antonym of violence." Countries that trade together, in other words, are less likely to attack each other.

In the Cold War era, the United States promoted this approach, for instance, by supporting the creation of the European Union, a collection of previously antagonistic countries that turned toward building a cooperative trade organization. Washington might have "wars" with its allies during this period—with Japan, for instance—but these were only trade wars. As the Cold War faded, the World Trade Organization represented the triumph of sweet commerce as China and Russia entered a new international community dedicated to reducing trade barriers. As Francis Fukuyama argued, the great

passions that prompted armed struggle and tremendous acts of heroism had been transmuted into the considerably less martial interests of the marketplace. The existential threat of Soviet communism was no more. Not only was capitalism triumphant but it had established a measure of security for the United States. No one would attack the country of the Treasury bond, Morgan Stanley, Apple Computer, and *America's Got Talent*. No one would see red when there was serious green to be obtained.

The yin to the market's yang has been, of course, democracy. The corollary to *le doux commerce* is that cornerstone of modern political theory: democracies don't go to war with one another. According to this theory, democracies are more likely to compromise with one another; democracies inherently respect other democracies; and democratic leaders fear losing elections if they lose wars. During the Cold War, the United States gathered around itself a league of democracies to counter the influence of communism. And when democracies produced leaders that were sceptical of American intentions – Mossadegh in Iran, Allende in Chile – we didn't go to war with those countries. We simply engaged in the more cost-effective techniques of subterfuge and subversion to install more malleable leaders.

The Cold War necessitated alliances with some bad apples, Washington realists contended. But the end of the Cold War unleashed a new wave of democracy—in the former Soviet bloc, in South Africa, throughout Latin America, and most recently in the Middle East. The autocratic rogues that Washington once needed—Hussein, Mubarak, Gaddafi—were no more (though a few, like Islam Karimov in Uzbekistan, continue to cling to power). The expanded arsenal of democracy provided another layer of security for the United States. Democrats might get testy with one another, they might bristle at leaders like George W. Bush, but they would never dream of using arms against the United States.

The combination of the market and democracy became the political economy equivalent of peanut butter and jelly: the default combo of simple comfort food for the leaders of the Free World. Margaret Thatcher coined the phrase TINA because she was

convinced that the demise of the Soviet Union meant that she and Ronald Reagan had solved all of human history's thorny questions. Market democracies would prevail forever after. A decade later, here in America, the crowd around George W. Bush modified the TINA principle so that it would be *our* version of market democracy – without the peculiar deformations of capitalism and electoral politics practiced in quasi-socialist Europe – that would occupy the top spot in political economy's greatest hits.

In the same way that the dollar's status as the global currency sustains U.S. economic supremacy, the victory of the U.S. version of market democracy would sustain U.S. geopolitical hegemony. It hasn't quite worked out this way, however. The United States currently faces the challenge of the "rise of the rest." Countries like China have used market forces to challenge the economic advantages of the United States. And the Arab Spring has demonstrated once again that democracy can easily produce nationalist or religiously inspired parties that steer their countries away from U.S. influence.

Let's begin with China. The once-communist country has ruthlessly used its comparative advantage—cheap labour—to attract an incredible amount of U.S. manufacturing, including the firms that originally relocated across the border in Mexico. The United States could have "broken the rules" and passed laws that would have made outsourcing very difficult. But U.S. corporations were more interested in profit than in helping maintain U.S. geopolitical hegemony. They don't call them "transnational" for nothing. Washington's adherence to laissez-faire capitalism has come back to haunt it. Unfettered markets unleash the forces of "creative destruction." And the United States is currently the epicentre of this tornado, with the 99 percent bearing the brunt of the gale-force winds.

Once China democratizes, so the argument goes, it will gradually come into line with internationally established economic practices. Independent labour unions will drive up wages. The government will respect intellectual property rights. The exchange rate will float into place. This might be true. But by the time these trends materialize,

China will have already become the world's largest economy and the United States will already be shrinking in its rear-view mirror.

The spread of democracy worldwide promises a similar blowback, which is why Washington realists fear the spread of popular uprisings against the remaining authoritarian allies of the United States in Bahrain, Yemen, and elsewhere. U.S. post-Cold War anxiety about the geopolitical implications of democracy began in Algeria where, in local elections in 1990, an Islamic party won 62 percent of the vote. In the national elections the following year, the new party *Front Islamique du Salut* won more seats than any other. The Algerian government took a dim view of this democratic development, however. With French support, it banned the new party, threw its leaders in jail, and sent thousands of activists to detention camps in the Sahara desert. A civil war ensued that left more than 100,000 dead.

As John Feffer writes in his new book , *Crusade 2.0*. "The overturning of an election followed by gross human rights abuses would ordinarily have elicited a strong condemnation from Washington...Instead, the United States acquiesced to the changes, just as it did a couple years earlier when the Turkish military's 'soft coup' of 1997 removed an Islamist prime minister. To avoid charges of anti-Islamic bias, U.S. officials couched their 'Islamist exception' in universalist terms. The U.S. government opposed what it called 'one person, one vote, one time.' In common parlance, this translated into a fear that Islamist parties would use democratic means to rise to power and then kick away the democratic ladder beneath them."

Washington once feared that communists would rise to power through democratic means – in Italy, Congo, Guatemala. After the end of the Cold War, Islamists quickly substituted for communists with the Algerian scenario now being replayed today throughout the Middle East. Islamist parties have won majorities in Tunisia and Egypt, as elections have provided an opportunity for these long-suppressed movements to appeal directly to the people. A similar future beckons for Libya and, possibly, Syria as well.

Elections have invariably produced leaders, whether Islamist or nationalist or socialist, who have questioned their country's alliance

with the United States. The shift may not be immediate. Yukio Hatoyama in Japan, for instance, lasted less than a year before Washington exerted sufficient pressure to quash him. The Justice and Development Party in Turkey was sceptical about the U.S. war in Iraq and has broken relations with Israel, but it remains a NATO member. Lula in Brazil ultimately presided over a generally amicable relationship with Washington. Egypt under the Muslim Brotherhood is not going to suddenly reverse all the agreements made under Hosni Mubarak. But in all these countries, the governments have been hedging their bets, cultivating closer ties with China or Russia or Iran. And the United States cannot take for granted any military basing agreement, from Bahrain to Okinawa.

Elections in America's rivals will not necessarily produce liberals. The recent re-coronation of Vladimir Putin in Russia, even acknowledging the widespread voting regularities, testifies to the popularity of the "iron fist," particularly outside the Moscow-Petersburg intelligentsia. The prevailing ideology in China, meanwhile, is remarkably similar. The Chinese people, if elections were held today, would not elect prominent dissidents or human rights lawyers. They would likely elect candidates as nationalist or more so than the Communist Party officials currently in charge. "A more democratic China would be less able to restrain public tendencies toward a kind of aggrieved nationalism," writes Richard Bernstein in *The New York Review of Books*, "with their components of anti-American and anti-Japanese sentiment."

The centre of economic gravity is shifting toward China. The spread of democracy has complicated America's alliance structure and created new challenges to U.S. global leadership. The result of all this political and economic blowback will not likely be a war against the United States. China is not marshalling its strength to attack the Pacific Fleet. Iran is not waiting for the day when it can launch a nuclear-tipped missile at Topeka (much less Tel Aviv). Rather, the American empire will suffer a death of a thousand cuts. It will be like the failure of your computer: one virus, then another, then the inevitable slowing of the operating system, a patch that doesn't work

properly, a program that stops responding, and one day it all adds up to the blue screen of death.

The weapons that will destroy the U.S. Empire will be weapons of our own fashioning. The Chinese economy only became a threat to the United States when it copied our economic example. The leaders that will create the new international alliances that replace U.S. hegemony will be democratically elected. We will be hoisted by our own TINA. Perhaps only then will the world be able to enter the post-TINA era. Perhaps only then will we find a more nourishing meal than the PB-and-J ideology that has dominated our menu of options since the fall of the Berlin Wall.

Torture and Complicity

In 1963, the CIA funded research into psychological techniques to break down potential informants. U.S. interrogators used this KUBARK Manual throughout Latin America and Southeast Asia. After 9/11, KUBARK returned in a different form. “Although some of the material in KUBARK remained in use, psychologists augmented already- existing material with newer techniques, some of which had been developed from torture *resistance* protocols used to train U.S. military personnel to survive capture and interrogation themselves,” write *Foreign Policy In Focus* (FPIF) contributors Laura Melendez-Pallitto and Robert Pallitto in *Psychologists and Torture, Then and Now*. “Discoveries initially applied to help possible torture victims were later used to break interrogation subjects held in U.S. custody. Psychologists were complicit in designing and using techniques to break subjects rather than aid them, and in so doing they made a mockery of their ethical obligation to ‘do no harm.’”

New Deals

The United States and North Korea are on the verge of making nice. A new deal will freeze North Korea’s uranium enrichment program and establish a moratorium on nuclear and missile tests. All the United States has to do is fulfil an earlier promise to provide

humanitarian assistance. “As the Obama administration attempts a ‘Pacific pivot’ to refocus its geopolitical energies from the Middle East to Asia, North Korea has been executing a pivot of its own.” From North Korea’s Pivot. “The centennial of the birth of the country’s founder Kim Il Sung, 2012 is also the year that North Korea has pledged to achieve the status of *kangsong taeguk*: an economically prosperous and militarily strong country. To attract the economic investment necessary to achieve this goal, North Korea has reached out to friend and foe alike.”

The United Kingdom, meanwhile, is trying to broker a deal on Somalia. But as FPIF contributor Francis Njubi Nesbitt argues, it will not be so easy to put the pieces of the Somali Humpty Dumpty together again. “It seems the West is still tied to the concept of a unified Somalia with a strong centralized state based in Mogadishu,” he writes in UK Takes the Lead in Somalia. “This notion, however, is a pipe dream. The Somali people have a long history of decentralized administration based on the traditional clan structure run by councils of elders and Islam. The idea that a centralized government based on the Western model can be transplanted to Somalia is unrealistic at best.”

Oil, Cuba, War

The discovery of oil in Ghana promises a future of wealth or a future of discord. “There is a multi-directional tug of war in Ghana’s petroleum industry among the Ghanaian government, the multinational oil companies, the citizens of the country, and the environment,” writes FPIF columnist Kwei Quartey in Oil Over Troubled Waters. “Like most contests, it is unlikely that they will all be winners. Ghanaians in the homeland and abroad fear that the country and the environment will be the eventual losers and that the dreaded spectre of another Niger Delta looms.”

Indeed, there is an alternative, that the enforced austerity for the 99% and vast wealth grab by the 1% is not a force of nature. Economies face two different types of growth policy. Neoliberal policy promises to help the body *politick* grow by draining the blood

from the body, ostensibly to help it grow more healthy and restore its balance (with all power to the wealthy 1%). The alternative policy is to feed the body to help it grow healthy. This requires liberating the brain—the government and policy makers that implement an economic philosophy—from the financial sector’s control. The attempt to force TINA logic on the population is not working any better than it did in Harvard’s Economics 101 class, from which students walked out in protest against the unrealistic parallel universe thinking. Its appeal is mainly to intelligent but ungrounded individuals (not yet post-autistic). They are selected as useful idiots and trained to draw pictures of the economy that exclude analysis of the debt overhead, rentier free lunches and financial parasitism. One needs to be very clever, after all, to imagine a system that “saves the appearances” of an unrealistic Ptolemaic system. In sum, there should be a positive role for government and a real central bank not oppressed under the thumb of private-sector bankers and financial engineers seeking to suck the economic surplus out of nations much as military conquerors did in past centuries.

Globalization in Historical Perspective

Contemporary globalization retains many of the key features of the earlier phases of globalization: the driving forces are centred in the imperial state and the multi-national corporation and banks, backed by the international financial institutions. What is significantly different are the scale, scope and speed of the circulation of capital and commodities, particularly financial flows between deregulated economies. The technological changes, especially in communications (computers, fax, etc.), have been a prime factor in shaping the high velocity of movements of capital.

The scope and scale of movement of capital and commodities however, are due less to technological than to political changes. The demise of socialism in the former Communist countries of Europe and Asia, the conversion of nationalist-populist third-world regimes to unregulated capital and the demise of the welfare state in the West have opened vast areas for accumulation of profits (and surplus

capital) and new markets for sales and investment. These political victories are central to the advance of the contemporary process of globalization in relation to the historical period immediately following World War II, and certainly in relation to the inter-war period. The conflict between globalizing imperialist forces and the third world—what was erroneously referred to as the Cold War—was evident in the 23 million people who died in 143 wars, overwhelmingly in the third world, between 1945 and 1992.

The contemporary phase of globalization was a consequence of what sub-commander Marcos refers to as the Third World War, which continues to this day.

A historical analysis of the phases of globalization allows one to refute some of the ideological claims of its proponents. A retrospective analysis reveals that globalization has been cyclical in world historical development. There were periods of high globalization, moments of crises and periods in which economic flows turned inward. There is no universal inevitable tendency toward globalization. Inter-imperial wars resulting from global competition, internal crises of overproduction and more important social and political revolutions have all affected the trajectory of globalist nations and classes. The cyclical nature of globalization allows analysts to identify the internal/external weaknesses of the globalist project and identify the alternative strategies that emerged from the crises of global projects in earlier times.

The very idea of globalization as a historical necessity is questioned by its cyclical history. The notion that we enter a new period is also dubious: foreign trade and overseas income were a greater percentage of GNP in Europe during the late 19th century than at the end of the 20th century. The idea that technology drives globalization omits the point that most of the new technologies emerged before the current globalist phase and are compatible with expanding domestic production and popular consumption.

The globalization idea is itself suspect. In its most widely expressed usage, it argues for a universal incorporation to the world marketplace and the spread of benefits throughout the world. The empirical reality is neither universal incorporation nor the spread of

benefits: there are wealthy creditors and bankrupt debtors, super-rich speculators and impoverished unemployed workers, imperial states that direct international financial institutions and subordinate states that submit to their dictates. A rigorous comparative analysis of contemporary world social-economic realities would suggest that the globalist concept of interdependence is far less useful in understanding the world than the Marxist concept of imperialism.

Rise of Globalist Ideology

The rise of “globalist ideology” is found originally in the business journals of the late 1960s and early 1970s. The major expansion and conquest of markets by the multi-nationals was described as globalization by business journalists searching for an alternative to the existing Marxist vocabulary, since they sought to present the process in a favourable light. Gradually the term was taken over by the mainstream academic world and became the acceptable framework for talking about international capitalist expansion without having to deal with its origins, power relations and exploitative outcomes. What emerged from the academic recycling of the concept was “globaloney”: the embellishment of the concept by linking it to what was called the third technological revolution and imputing to it a historical inevitability and degree of interdependence that was remote from reality. From the business, journalistic and bourgeois academic world, the term was incorporated into the vocabulary of the Left intelligentsia. They too began to parrot the same properties and arguments in the context of a mindless flight from critical socialist paradigms. Thus globalization seems to have become a universal category of analysis, through which the imperial ruling classes exercise power and paralyse mass popular opposition.

The retreat of the Left intellectuals from the imperialist theoretical approach toward globalization is intimately related to the defeat and decline of revolutionary socio-political movements and the ascendancy of the financial and export elites. There is a dialectical interplay between imperialist power, globalist ideology and revolutionary socialist politics: the ascendancy of imperialism is

directly related to the circulation of the globaloney discourse and the eclipse of the revolutionary paradigm.

The retreat of the Left intellectuals and the subsequent theoretical disarray of the popular movement contributed to the further strengthening of the imperial ruling classes: objective shifts in power resulting from political and economic successes were amplified by the ideological capitulation of the ex-Leftist intellectuals and the confusion sown in the popular movement. Left intellectuals and influential political leaders, having lost their conceptual anchorage, drifted from an imperialist conceptual framework to a technological determinism that undercut any notion of systemic transformative politics. The underlying political bases for the ascendancy of neo-liberalism (the ideological derivative of the globalization hypothesis), including the political and military defeats of the left, were slighted in favour of pseudo-explanations that pointed to historical economic imperatives.

The political and ideological hegemony of the globalist-neo-liberal project was further enhanced by the combined rigidity and flexibility of the neo-liberal state: opportunities for upward mobility for private-sector professionals and ex-Leftist intellectuals ensconced in well-heeled NGOs and downward mobility for the mass of peasants, and wage-salary workers, particularly in the public social services. The project provided massive flows of capital, cheap mass-consumer imports in the expansive phase and crises, collapse and unprecedented rates of bankruptcy and unemployment in the deflationary phase. The Asian experience is a prototype of this process: political-economic victories for imperialism, the ascendancy of globalist neo-liberal political economic power, capitulation and integration of the ex-Left, followed by crisis, collapse and mass immiseration.

Socialist Perspective

Faced with the demise of the globalist project, with the foreign investors picking the bones of the moribund carcass—namely, the lucrative local enterprises—how do we reconstruct a socialist

alternative? In the first instance, by recovering and reconstructing our theoretical tools. Secondly, by learning from and inverting the lessons from the Right on how to engineer a radical political-economic transition, a transition that combines social justice, democracy and efficiency in the organization of a new socialist economy.

To move from a critique of globalist-neoliberal configuration to a socialist alternative we need to adopt the method of historical materialism and ask ourselves: what do we learn from previous experiences of globalization via imperialism? All the imperial powers throughout history were never globalized; they became globalizers (imperialists) precisely through the development of the home market. Globalization was an instrument to expand and deepen the home market and develop the forces of production. Globalization was given a universal, virtuous character in each epoch of outward expansion, either in terms of moral values (extending Western civilization) or as an opportunity (to become modern). To the degree that contemporary globalization leads to the internal exploitation of labour and state resources within the imperial centres, it has awakened a labour opposition that creates an objective and subjective basis for internationalist working-class action.

The history of globalization is fraught with inter-imperial rivalries that struggle to displace competitors and impose the rule of particular national multi-nationals and state rule. The selective anti-imperialism of local clients facilitates the entry of imperial latecomers. The reconstruction of the Left cannot be rooted in becoming the plaything of rivalries between ascending and declining imperial powers. In the present context, there are several issues: the U.S. exploitation of the Asian crisis to enhance its position relative to Japan, South Korea, etc. The temptation among some Leftists is to defend “state-centred capitalism against” neo-liberalism; for others, the alternative is to accept the harsh prescriptions of adjustment from the IMF in exchange for employment, etc.

The basic facts are that capitalism cannot sustain growth and rising income levels: that welfare and capitalism are a product of a special balance of class forces that no longer exists. The existence of a revolutionary socialist alternative was the basic reason forcing

capital to make reformist concessions in Europe and Asia. It was the existence of revolutionary socialist regimes that forced the imperialist countries to tolerate state-directed growth in Asia and “showcase” their performance. Only the re-emergence of credible revolutionary alternatives might allow reformist and state-centred technocrats to negotiate concessions. As matters stand today, the real choices are between capitalism that strips labour of all its social attributes, monopolizes public revenues and appropriate public enterprises and minerals and the socialist alternative--that needs to be reconstructed.

Globalization Parabola

Crucial to the task of constructing the socialist alternative is to recognize the globalization parabola in the current period: the ascendancy in the seventies, its consolidation in the eighties and early nineties and its decline over the last several years, beginning in Asia, Latin America and spreading to North America and Western Europe. The second-biggest capitalist economy, Japan, is in a terminal tailspin, accompanied by its Asian clients. In China, stagnation and mass unemployment has set in. The Russian economy has collapsed. The U.S. and European economies will soon feel the reverberations as corporate earnings declines, and exports collapse and speculative capital cannot find new lucrative outlets.

Globalization works in reverse. The extraordinary profits based on capitals appropriation of speculative returns no longer fuel the American and European stock market and giant financial monopolies. The worldwide bankruptcy of capitalism--its inability to reproduce itself--poses a major opportunity to argue for a socialist transformation and against strategies focused on adaptation and merely defensive struggles. Adaptation to austerity leads to new, regressive policies. The argument for one more adjustment is an unending melody. There is only more pain, not prosperity, in this never-ending tunnel. Defensive struggles, while necessary for sustaining elementary living conditions in the face of the economic collapse, provide short-term victories yet prepare strategic defeats, given the non-viability of the historic capital—labour partnership

under present circumstances. That leaves us with the concept of a socialist transformation—transformation of what? Toward what?

Past and Present Conceptions of Socialist Transformations

There are two basic fallacies regarding socialist transformations. One is the notion of “delinking” linked to the ideas of self-reliance and building socialism in one country . The other is the more recent idea of “market socialism,” the notion that market-driven forces can create the material basis for socialism. Both conceptions contain grains of truth, but in their underlying logic are very harmful to the construction of socialism.

First, the possibility of development of socialist productive forces de-linked from world production leads to costly, inefficient and ultimately prolonged periods of harsh accumulation. In most cases, de-linking is just not feasible without giving up essential products necessary for consumption and production. Only under harsh wartime conditions or in periods of boycotts and states of siege does it make sense to try to make a virtue of necessity by appealing for self-reliance, urging the people to sacrifice and encouraging the idea that, despite a harsh external setting, a revolutionary population can produce and survive. Such was the case when the U.S. and the ex-U.S.S.R. encircled Mao’s China and restricted its external trade relations. But it would be an egregious error to convert special circumstances into a model of development.

The second erroneous approach is the Dengist idea that market forces, private ownership, free trade and foreign investment directed by the Communist Party can become the driving forces toward the construction of socialism. The ascendancy of the market forces has transformed the Chinese labour force into a global reserve army of cheap labour; it has converted the cadres and leaders of the Party into business people who plunder the state for private gain, destroy the environment and produce ecological disasters. In a word, it is the market that directs the Party and its leaders and not vice versa. The result is the worst-case scenario, where the authoritarian political structures of Communism are combined with the brutal socio-

economic injustices of capitalism and the catastrophic degradation of the environment. That is the operative meaning of market socialism. We should approach the construction of socialism in a different manner.

First of all, the working class has created a vast body of knowledge over time that is world knowledge. The revolutionary regime must link up with this world knowledge in order to avoid the cruel and costly earlier stages of development in which this knowledge was created. In a word, the revolution must link up with world centres of knowhow as a necessary step to increase the local capacity to advance the forces of production and democratize the relations of production.

Secondly, the economic exchanges, market relations (both external and internal) can have a progressive function if they are subordinated to a democratic regime based in direct popular representation in territorial and in productive units. Assembly-style democracy is not only a strong deterrent of bureaucratic distortions, but also serves as an essential control mechanism over the content and direction of market exchanges. The current fragmentation and dissolution of production is a result of the enclave nature of the export strategy, where key production units specializing in specific commodities serve the international strategies of overseas and domestic investor elites. The socialist strategy focuses on the creation or reconstruction of essential links between domestic economic sectors. The socialist economy resembles a grid rather than the spoke of a wheel that is characteristic of imperial- dominated export economies.

The current overseas economic packet that combines foreign investment, control and management decision-making with technology transfers (when they occur) must be disaggregated under socialism. The capturing of technology without the inconvenient encumbrances of foreign dictates and outrageous CEO salaries and foreign ownership is possible because of the plethora of technologically knowledgeable people, and enterprises who can be contracted and paid to transfer know-how. This form of dependence is temporary and has less possibility of perpetuating itself: learning

from borrowing becomes the basis for adaptation to local needs and the development of autonomous innovative capacities. The breaking of the tyranny of globalization requires the rejection of ownership and control and the selective acquisition of the accumulation of knowledge and products that produce dynamic growth. The parasitical and exploitative structures of globalization need to be differentiated from the creative and productive components.

This processes of rejection and acquisition poses one of the most important challenges to any transition from neo-liberal globalism to a socialism. Namely managing the inherent contradiction between internal socialist relations and external participation in the capitalist marketplace. This requires not only democratic control over the economic processes but, more fundamentally, the ideological and cultural education of working people in values of solidarity, co-operation and equalitarianism. This educational and cultural process can have credibility only if the values articulated reflect the behaviour and practices of the leadership and cadres. The great failure of socialism in the ex-USSR was the dissociation of the ideas expressed by the leaders and their practices--which led to disillusion, cynicism, distrust and, worse, a fatal attraction for globalist propaganda.

A fundamental appeal in constructing the socialist power bloc to transform the society and a primary task on assuming power is the creation of socio-economic linkages between domestic needs (and latent demands) and the reorganization of the productive system.

The socialist transformation recognizes the enormous potentialities of the domestic market based, on equalized property, income and education and health. It recognizes the tremendous potential in the utilization of unused or under-used labour among the employed. The turn inward is essential but the external linkages to overseas markets and knowledge remains a key factor to provide earnings and technique to complement the domestic revitalization of the economy. What is crucial, however, is that external exchanges not substitute for local production and the creation of local centres of technical knowledge creation.

Essential to any socialist undertaking is a profound agrarian reform that includes redistribution of land and transfer of property

ownership, along with the reorientation of credits, technical assistance, marketing and transport, to facilitate food production for mass consumption at affordable prices while providing liveable income for rural producers. Whatever the particular ownership patterns--and there are too many variables to provide general blueprints--the agrarian reform should encompass agro-industrial complexes and related job-generating employment. Practical experience, plus the negative lessons of the ex-USSR, teach us that the structure of agriculture requires a decentralized organization, in which direct producers make basic decisions in consultation with technical advisers in the context of integrating exchanges between regions, sectors and classes. The transition from a globalized imperial export strategy toward an integrated domestic economy depends on integrating regions and production/ consumption into a unified whole: of recreating the nation in a substantive way and reorienting the state away from serving the imperial or globalist aspirations of export and financial elites.

Strategy of the Transition

A necessary precondition of a socialist transformation is a fundamental political change in the structure of the state. Contrary to the unreflective musings of globalist theorists in both their rightist and leftist versions, the state has played a powerful role in formulating the strategies of globalization, allocating economic resources to global actors, bailing out elite losers and re-enforcing the policing of globalist victims and opponents. To argue that the state has been weakened is to mistakenly identify the state with the welfare state; it is to confuse the apologetic pronouncements of the ideologues of the globalists, who lament their impotence faced with globalist pressures, with the reality of their active collaboration via state institutions.

The state and nation become the central units for reconstructing a new internationalist socialist order. The popular movements in civil society are in basic conflict with the ruling classes of civil society over who controls the state and the nature of the socio-economic project.

Once again ex- leftist ideologues disorient the popular movement by pointing to conflicts between “the state” and “civil society”--rather than examining how the most wilful and cruel exploitation occurs within civil society between landowners, bankers and financiers on the one hand and landless peasants, indebted small producers and unemployed workers on the other. So let us move on beyond the intellectual posturing of repentant ex-leftists seeking merit-points from their new paymasters to the practical measures that move the popular movement from political power to a socialist transformation.

In this regard we can learn a great deal from the transition strategies engineered earlier by the neo-liberal globalists. Key to the implantation of the new socialist economy is the immediate implementation of shock therapy for the ruling class: profits should be drastically reduced; bank accounts and financial holdings intervened and frozen; overseas payments suspended and a moratorium on debt payments implemented. The shock therapy has political and economic value: politically it disorganizes and disorients the ruling class; economically it prevents hoarding, capital flight and the provocation of hyper-inflation. More important it involves strong state intervention to restructure the economy and reconfigure state budgets and institutions. The purpose is to open the economy for domestic production, to liberate credit and investment for expanding production and exchanges at the national, regional and local level. Shock therapy predictably will evoke protests and dire cries of injustice and arbitrariness. But quick and resolute action in following up the shock therapy with substantive new investments and credits toward the domestic market can generate more than sufficient support for sustaining the regime.

Shock therapy, rationally applied, means renegotiation with former globalist patrons and partners, not repudiation. It does not spell rupture but a reordering of priorities and relations to favour the new forces of the domestic market. The second phase in the transition involves economic reconversion: the shift from hyper-specialization in single commodities and limited activity in the industrial production cycle (assembly plants) to diversified production, a better balance between local consumption and export

production, and greater investment in education, research, health and productivity.

To realize economic reconversion requires a shift in investments, employment and income policy. This means the implementation of a structural adjustment program from below. Essentially this means the redistribution of land, income and credits, the breakup of private monopolies and the reform of the tax system, the protection of emerging industries and the opening of trade for commodities that don't compete with local producers. Financial controls will eliminate speculative activity, and state planning can redirect investments to human capital formation, employment-generating public works and inter-regional production.

To avoid inflation and stabilize the economy, a tight monetary policy will need to be put in place. Monetarism from below means the elimination of state bailouts of billion-dollar debts due to mismanagement, swindles or speculation by the private sectors; the elimination of low-interest (subsidized) loans and cheap credits to exporters, elimination of tax abatements for multi-national corporation in so-called free trade zones. The gains in state revenues and savings can fund alternative socio-economic activity without resorting to the printing of money.

There are significant differences between a socialist and a neo-liberal structural adjustment program. Socialization will replace privatization as a key to increasing efficiencies, competitiveness and productivity. Socialization will include extending transport and communication networks to further interregional exchanges, thus revitalizing provincial enterprises, markets and producers.

Socialization of economic enterprises is necessary but not sufficient to create a viable socialist economy. What is required is a plan of industrial reconversion that allows popular demand, not impersonal corporate bureaucrats to decide on "winners and losers." This means closing or reconvertng luxury-producing and importing enterprises and substituting enterprises that produce quality of goods for mass local consumption. This requires that working people as consumers play a vital role in the decision-making process to avoid the shabby quantitative output of the ex- Communist states.

Industrial reconversion requires, however, a balance between domestic and overseas production: exports earnings will continue to be important to finance vital inputs to the dynamic domestic growth model. What is crucial in this relation is the reinvestment of surplus export earnings in the development of the internal market, not their transfer overseas or to speculative activity as is the case today. Crucial to the structural adjustment model from below is the modernization of the state. The state in the export model is largely made up of regulators who fashion rules and allocate resources to satisfy overseas investors and traders, drawing on domestic resources and providing little information to local producers about the decision-making process.

In rejecting the neo-liberal export model, there is no going back toward the centralized bureaucratic state that stifled popular democracy, blocked innovative initiatives and produced gross inefficiencies. The modernization of the state means the decentralization of administrations of state allocations to local recipients in civil society who vote on their priorities. State reform means the relocation of health workers to the neighbourhoods, agronomists to the countryside and teachers to the overcrowded popular urban schools.

Consumers and citizens have to play a key role in directing the state and economic institutions to avoid having another “dictatorship over the proletariat” or an abundance of cheap consumer goods that nobody is interested in purchasing because of quality, style or attractiveness. Probably the most basic and novel feature of the new socialism is the key role that workers, consumers and ecologists will play in the review, evaluation, hiring and firing of managers. The avoidance of a privileged bureaucracy in the public economic enterprises rests with an active role of the direct producers and consumers in fundamental decision-making. Thus, under the new socialism, self-management at the state, regional and local level is the alternative to the private export elite of the globalized economy and the state bureaucrats of the past.

The key role of direct producers also involves responsibilities. Guaranteed lifetime employment is not viable: periodical peer

evaluations of performance of quality and quantity of services should be the norm. Chronic offenders should be fired. Abusive bureaucrats called to account. Public utilities workers made accountable for unacceptable delays. Local, decentralized organization allows friends, neighbour and citizens to take decisions into their own hands. Absentee teachers should receive absentee salaries and answer to parents, students and others. Professors who recycle outdated lectures on yellowing note cards should be evaluated and advised to upgrade their courses or face dismissal.

New socialism means the end of the double discourse. It means that personal lifestyle should be in accord with public discourse. Intellectuals cannot critique neo-liberalism and then engage in frenzied consumption of imported consumer items. One cannot preach equality up to the doorstep of the household and then practise the authoritarian (patriarchal) politics once in the family. The new socialism recognizes the complexity of the contradictions in the transition, foremost the need to democratize gender, ethnic and race relations—to engage those struggles as important in themselves—as key elements in the transition from globalism to new socialism.

Alternatives are not disembodied utopias that are “imagined” by individuals sitting in front of the Internet. The alternatives grow out of the past and present experiences and opportunities that emerge from the failures and crises of the “export strategies.” The new socialism learns not only from its capitalist adversaries how to turn the tables but also from the mistakes of the old socialism. It is more inclusive, incorporating women, consumers and ecologists. It possesses a greater sensibility to the notions of freedom at the workplace and on farms. It possesses a greater appreciation of the integration of personal values and public practice.

The collapse of globalization, as it has been understood up to now, in Asia, ex-USSR, Africa, and Latin America is creating tremendous hardships, but it is also a historic opportunity to transcend capitalism. It would be a failure of the nerve to settle for anything less than a new socialist society, a new nation as an integral whole, a new culture of participants and not spectators and a new internationalism of equals.

Contrary to thinkers, writers and politicians of both the Left and the Right, globalization has not spelled the end of socialist revolution. On the contrary, the historic moments and times in which global pretensions became supreme were also the moments in which the great socialist revolutions have taken place.

The first great push toward globalization under the auspices of European industrial capitalism, the period between 1880-1914, culminated in World War I and the Russian Revolution. The dynamic global expansion of Japan, beginning in the 1920s, culminated in World War II and the Chinese Revolution. The third wave of globalization, headed by the United States, began in the 1940s and continues to this day. It produced the Cuban and Vietnamese Revolutions. In the period leading up to revolutionary upheavals, there were bitter debates between those who argued that 'globalization' was making Socialist revolution impossible (either because of the technical progress or because of the growth of the middle class) and those who argued that the expansion and extension of capitalism was opening the way to more profound social contradictions and new revolutionary situations in different geographic sites.

Shortly after successful revolutions, the end-of-revolution globalizers, having lost the first round of the debate, shifted their argument. They proceeded to argue that the revolution could not survive under conditions of global capitalism. They argued that political hostility, military encirclement and economic boycotts from the 'global centres' would lead to the quick demise of the revolutionary adventure and the return to "global capitalism." The revolutionary practitioners, or at least some of them, responded by arguing that the revolution was a result of internal conditions and secondly, that the revolution in the process of transforming society would serve as a point of reference and alternative to other countries. They insisted that capitalist globalization would be challenged by the emergence of a series of inter-connected revolutionary societies, the beginning of a new Socialist global system.

The survival and consolidation of post-revolutionary societies and their extension to new regions, as well as the growth of support

among significant sectors of the working people in most 'globalizing countries,' forced 'globalists' to shift their argument once again. They focused on the 'distortions,' 'degeneration' and 'deviant' nature of the revolutionary regimes from their original purpose. The exponents of socialist revolutions divided in their response to the globalists in this argument. The regime supporters of real existing socialism denied any deviations and reaffirmed the successes of the revolution and even postulated future victory over global capitalism by arguing for a new 'socialist global order.' The critics of the regimes of existing socialism argued that a profound process of degeneration had occurred and that fundamental political and socio-economic change were necessary to prevent the re-incorporation and re-subordination of the revolutionary nations and working people to global capitalism.

The prolonged period of political degeneration of the revolutionary regime, expressed in the conversion of the principal leaders to globalized capitalism, led to the demise of the remaining institutions and policies sustaining the original socialist transformation: public property, full employment, socialized medicine, state control over foreign trade, etc. With incorporation of the ex-Communist societies into the global market during an expansive phase of Western capitalism ("globalization") the ideologues of globalization shifted their argument. They insisted that globalization was inevitable and pointed to the incorporation of the former Communist countries. In the absence of established alternative social systems, they argued, there was no alternative but to submit and accept globalization. They transformed the economic demands of specific socio-economic units (multinational corporations and banks) and imperial states into the impersonal commands of transcendent forces ("the world market demands"). The policies that "commanded" working people be impoverished and corporate directors be enriched.

The globalizers presented a self-serving historical interpretation of socialist revolutions to highlight their contemporary successes. They argued that socialist revolutions were an extended detour from the path of capitalist development, which was inevitable and the only road to growth, prosperity and modernity. Ex-Communists provided

grist to the globalist propaganda mill by describing the socialist revolutions as coups, thus denying the profound crises, contradictions and collapse of capitalism that led to the revolutions. Historical crises, the global character of the societal decay emerging from the breakdown of globalized capitalism was ignored.

The realization of the goals of global free-market policies has led to the most irrational structures and catastrophic outcomes. Deregulation of capital had led to massive speculation and volatile fluctuations of capital flows, leading to stock market panics, currencies collapsing, massive bankruptcies and large-scale firing of workers. Indiscriminate opening of markets and borrowing have led to the destruction of local producers, irrational borrowing and unsustainable levels of expenditures and debt payments. Privatization has led to huge windfall profits and takeovers by incompetent investors, speculators and foreign corporations interested in monopoly profits but incapable of sustaining production in a declining market.

The social effects are just as devastating: massive declines in living standards, leaving two-thirds of major population centres in Mexico, Indonesia, Russia and Brazil below the poverty line. Increasingly, masses of people are responding by attacking or rejecting the local and international symbols and representatives of globalized capitalism. The next step could be political movements that move from protest against the immediate effects of globalized capitalism to challenging the fundamental policies, institutions and classes that sustain it. In sum, today as in the past, ‘globalization’ has created the basic conditions for social revolution. Its apologists are repeating the same arguments of the past: inevitability and universality of globalism, a market imperative that command obedience (and submission) to “the market” and the ultimate failure of revolutionary transformation. Will history prove them wrong once again?

The Promise of Socialism

Overview

It is the aim of the Socialist Labour Party to create a society in which wars will be but evil memories, a society in which poverty will have disappeared, in which freedom will have been made secure, and in which democracy will have become the prevailing order of society for all. In the ideas expressed by the word Socialism, as advocated by Marxian Socialists, are embodied the hopes and dreams of the ages, a society of peace and abundance. The belief of the Socialist Labour Party is that through its program and program alone can Socialism be attained peacefully.

Meaning of Socialism

Socialism is no longer a pure, innocent ideal. Its appeal has been tarnished by the authoritarian, statist regimes that have ruled in its name. In the name of social equality (which they did not achieve), these regimes abolished formal political equality. To fulfil the promise of political democracy, which is eviscerated by economic inequality, democratic socialists work towards a society characterized by equality, solidarity, and participation. Participation will not be orchestrated from above by a paternalist state, but will occur from below in the workplaces, neighbourhoods, and schools of civil society.

This democratic commitment to social pluralism does not negate the need for a democratic state that would ensure the rule of law, protect the environment, and insure a basic level of equity for each citizen. It is predominantly through cooperative, voluntary relationships that people will develop the social bonds that render life meaningful. In these institutions, there will be different roles

conforming to the varied talents citizens bring to different pursuits. The subjugation of authoritarian collectivism has little to do with the liberty of democratic socialism. Democratic socialism only promises the possibility of human fulfilment.

It cannot guarantee human happiness. Human failure will exist under democratic socialism, but suffering will not be imposed by institutions over which we have no control. We will finally eliminate the gross inequalities engendered by a capitalist social order. No longer will the accident of a child's class, race, or sex influence his or her life opportunities. The democratic revolutions of the 18th century envisioned a world characterized by "liberty, equality, and fraternity." The inequalities of power and wealth perpetuated by capitalism frustrated that vision. Democratic socialism proposes nothing less than to complete that long revolution.

The dramatic worsening of the world economic crisis over the summer gives us a clear indication that the capitalist system really is on its last legs. The 'debt crisis' has demonstrated the literal bankruptcy not only of the banks, but of entire states; and not only the states of weak economies like Greece or Portugal but key countries of the Eurozone and on top of it all, the most powerful economy in the world: the USA.

And if the crisis is global, it is also historic. The mountain of debt that has become so visible over the last few years is only the consequence of capitalism trying to postpone or hide the economic crisis which surfaced as far back as the late 1960s and early 70s. And as today's 'recession' reveals its real face as a genuine depression, we should recognise that this is really the same underlying crisis as the one which paralysed production in the 1930s and tipped the world towards imperialist war. A crisis expressing the historical obsolescence of the capitalist system.

The difference between today's depression and that of the 1930s is that capitalism today has run out of choices. In the 1930s, the ruling class was able to offer its own barbaric solution to the crisis: mobilising society for imperialist war and re-dividing the world market. This re-organization created the conditions for launching the 'boom' of the 50s and 60s. This was an option at that time, partly

because world war did not yet automatically imply the destruction of capitalism itself, and there was still room for new imperialist masters to emerge in the aftermath of the war. But it was an option above all because the working class in those days had tried and failed to make its revolution (after the First World War) and had been plunged into the worst defeat in its history, at the hands of Stalinism, fascism, and democracy.

Today world war is only an option in the most abstract theoretical sense. In reality, the road to a global imperialist war is obstructed by the fact that, in the wake of the collapse of the old two-bloc arrangement, capitalism today is unable to forge any stable imperialist alliances. It's also obstructed by the absence of any unifying ideology capable of persuading the majority of the exploited in the central capitalist countries that this system is worth fighting and dying for. Both these elements are linked to something deeper: the fact that the working class today has not been defeated and is still capable of fighting for its own interests against the interests of capital.

Dangers facing the working class

Does this mean that we heading by some automatic process towards revolution? Not at all. The revolution of the working class can never be 'automatic' because it requires a higher level of consciousness than any past revolution in history. It is nothing less than the moment where human beings first assume control of their own production and distribution, in a society with relations of solidarity at its heart. It can therefore only be prepared by increasingly massive struggles which generate a wider and deeper class consciousness.

Since the latest phase of the crisis first raised its head in the late 60s, there have been many important struggles of the working class, from the international wave sparked off by the events of May 1968 in France to the mass strikes in Poland in 1980 and the miners' strike in Britain in the mid-80s. And even though there was a long retreat in the class struggle during the 1990s, the last few years have shown that

there is now a new generation which is becoming actively 'indignant' (to use the Spanish term) about the failure of the present social order to offer it any future. In the struggles in Tunisia, Egypt, Greece, Spain, Israel and elsewhere, the idea of 'revolution' has become a serious topic for discussion, just as it did in the streets of Paris in 1968 or Milan in 1969.

But for the moment this idea remains very confused: 'revolution' can easily be mistaken for the mere transfer of power from one part of the ruling class to another, as we saw most clearly in Tunisia and Egypt, and as we are now seeing in Libya. And within the recent movements, it is only a minority which sees that the struggle against the current system has to declare itself openly as a class struggle, a struggle of the proletariat against the entire ruling class. After four decades of crisis, the working class, especially in the central countries of capitalism, no longer even has the same shape that it had in the late 60s. Many of the most important concentrations of industry and of class militancy have been dispersed to the four winds. Whole generations have been affected by permanent insecurity and the atomization of unemployment. The most desperate layers of the working class are in danger of falling into criminality, nihilism, or religious fundamentalism.

In short, the long, cumulative decay of capitalist society can have the most profoundly negative effects on the ability of the proletariat to regain its class identity and to develop the confidence that it is capable of taking society in a new direction. And without the example of a working class struggle against capitalist exploitation, there can be many angry reactions against the unjust, oppressive, corrupt nature of the system, but they will not be able to offer a way forward. Some may take the form of rioting and looting with no direction, as we have seen in Britain over the summer. In some parts of the world, legitimate rage against the rulers can even be dragged into serving the needs of one bourgeois faction or one imperialist power against another, as we are seeing in Libya.

In the most pessimistic scenario, the struggle of the exploited will be dissipated in futile and self-defeating actions and the working class as a whole will be too atomized, too divided to constitute itself into a

real social force. If this happens, there will be nothing to stop capitalism from dragging us all towards the abyss, which it is perfectly capable of doing without organizing a world war. But we have not yet reached that point. On the contrary, there is plenty of evidence that a new generation of proletarians is not going to let itself be pulled passively into a capitalist future of economic collapse, imperialist conflict and ecological breakdown, and that it is capable of rallying to its banners the previous generations of the working class and all those whose lives are being blighted by capital.

Economic Problem and Economic Systems

The economic activity of a society consists of activities related to the production and consumption of goods and services. Since earliest times, the primary function of organized society has been economic in nature. The other elements of civilized society—architecture, literature, music, etc.—emerge only *after* the material needs of the society have been amply provided for. Poor societies do not build great pyramids, erect magnificent cathedrals, or place men on the moon.

Every day, all of us are involved in activities that are primarily economic in nature. To fully understand these activities, we need to create a new perspective of the world -- an **economic perspective**. Let's begin this task with some definitions.

Production is the creation of goods and services by combining various elements in the production process. For example, the farmer grows a wheat crop by combining his labour with the land, seed, fertilizer, and machinery.

Consumption is the destruction of goods and services to satisfy the wants and needs of people. A person who is hungry eats a meal, and the food ceases to exist as food.

Goods are tangible outputs of the production process—the good has a physical existence. Production and consumption can be separated by time and place. The farmer grows the wheat in Iowa in May. The girl eats the bread in Georgia in September. Goods include

consumer durables, consumer nondurables, and capital (producer durables).

Services are intangible outputs of the production process—services have no physical existence. As a result, production and consumption usually occur at the same time and place. The professor gives a lecture to students in the classroom. Services include education, repair, finance, government, energy, and telecommunications.

The Economic Problem

The economic problem emerges because our desire for goods and services to consume is greater than our ability to produce those goods and services. The **demand for goods and services** arises from human wants. There are three types of human wants.

Biological wants are for the goods and services needed to sustain human life. These are food, shelter, and clothing. These goods are often called “necessities”.

Cultural wants are for goods and services beyond necessities in order to maintain the socially accepted standard of living. The idea of a standard of living will vary with time and place. An acceptable living standard for 1800 would not be acceptable in 2000. These goods and services are called “conveniences”.

Demonstration wants are for goods and services beyond conveniences. Thanks to modern telecommunications, we all know about the lifestyles of the rich and famous, and would not mind it for ourselves. These goods and services are called “luxuries”. Note that economic development means that the luxuries of yesterday become the conveniences of today!

Economists assume that human wants possess a critical characteristic that I will state as a proposition.

Proposition A: Human wants for goods and services to consume are, in the aggregate, insatiable.

We have never seen any human society enjoying want saturation, including the United States today. Sadly, the developing nations of the world often cannot even provide for life sustaining biological wants.

The **supply of goods and services** results from the production process. In production, various inputs are brought together and combined to create goods and services. These inputs are classified into the three “factors of production”.

Land is natural resources or our endowment from nature. The payments for the use of land are called “rents” and “royalties”.

Labour is all human effort, both physical and mental, used in production. The payments for labour are “wages” and “salaries”.

Capital is all goods used to produce other goods and services. Capital is also called “producer durables”. Capital has to be produced, and to get more capital we must reduce our production of consumer goods. The payments for capital are “interest” for debt (borrowed) capital and “profits” for equity (owner supplied) capital.

The factors of production are versatile and may be combined in different proportions to produce the same thing. The United States is capital abundant and uses machinery intensively for farming. China is labour abundant and uses people intensively for farming.

The factors of production possess a critical characteristic.

Proposition B: The factors of production, at any time, exist in fixed and limited quantities, therefore placing a ceiling on the output of goods and services.

Combining propositions A and B yields:

The Economic Problem: The wants of a society for goods and services to consume will always exceed the ability of that society to produce goods and services.

This problem poses serious policy questions to all nations, the advanced as well as the less developed. For the less developed, it is often a cruel dilemma for their economies are often hard pressed even to furnish the biological necessities. “Poverty” in the Third World is not the same as “poverty” in the United States.

Economic Efficiency and Functions

Since economic resources are scarce, they must be used efficiently. We want to produce as much goods and services as we can, and in the process, produce the goods and services needed the most.

Technical Efficiency means getting maximum production from the available land, labour, and capital resources. This is often called “full employment” or the “natural level of output.” There should be no resources lying idle, especially in the long run. Getting maximum output is also equivalent to producing at the lowest possible cost.

Allocative Efficiency means producing goods and services in the best relative amounts to maximize the economic wellbeing of the society. What constitutes “best” is a source of intense debate, and even leads to armed conflict. The great wars and revolutions of the past century have, in large part, been over this question.

There are five functions an economic system performs in producing goods and services for consumption. These functions are:

1) *How much to produce.* The **how much** function relates to technical efficiency. Do we produce at a maximum level, or do we have unemployed and unused resources?

2) *What to produce.* The **what** function is very important. Do we produce capital goods or consumer goods? Do we produce goods for home consumption or for trade? All these reflect the question of allocative efficiency.

3) *How to produce.* The **how** function refers to the type of production techniques to be used. If we want technical efficiency and maximum output, we will always use the lowest cost method of production.

4) *Who consumes*. The bottom line, as the Little Red Hen observed, is who gets to eat the cake. The determination of **who** gets to consume will be reflected in **what** is produced. This is the core question of allocative efficiency and equity concerns.

5) *Adaptability*. How flexible is the economic system in responding to changes. Can the system adapt and survive economic and social challenges? Can the economy continue to achieve technical and allocative efficiency?

Different societies have performed these economic functions, and sought to achieve technical and allocative efficiency, in different ways. These ways can be classified as different **economic systems**. The watershed event is the **industrial revolution** which began in Europe in the 1700's. Before that time, we classify all economies as *traditional*. The industrial revolution began to spread around the world, and carried four new economic systems with it (the "isms").

The first new economic system was *Capitalism* or the market system. However, early capitalism left many people in poverty, while competitive markets decayed into monopolies. In response, social reformers developed alternative economic systems. *Fascism* and *Socialism* attempted to fix capitalism with a dose of government participation. *Communism* simply sought to overthrow capitalism. It was a struggle between the "invisible hand" of free markets and the "visible hand" of the command (planned) economy. The following table compares and contrasts these five types of economic systems.

Economic Systems (The "ISMS")

Economic Function	Traditional	Capitalism	Fascism	Socialism	Communism
1. How Much to Produce?	Tradition	Market State/Market State/Market State	Market State/Market State/Market State	Market State/Market State/Market State	Market State/Market State/Market State
2. What to Produce?	Tradition	Market State/Market State/Market State	Market State/Market State/Market State	Market State/Market State/Market State	Market State/Market State/Market State

3. How to Produce? Tradition Market Market State/Market State
4. Who Consumes? Tradition Market State/Market State/Market State
5. Adaptability? None Yes Some Little None

Chapter 12

Music of the Future: Democracy, Liberty & Solidarity

Overview

Record capitalist profits are accrued by pillaging the public treasury, denying pensions and prolonging ‘work till you die’, bankrupting most families with exorbitant private corporate medical and educational costs. More than ever in recent history, record majorities reject the rule by and for the bankers and the corporate ruling class (*Financial Times* of 2/6/12, p. 6). Inequalities between the top 1% and the bottom 99% have reached record proportions. CEO’s earn 325 times that of an average worker (*Financial Times* of 1/9/12, p.5). Since the state has become the ‘foundation’ of the economy of the Wall Street predators, and since ‘reform’ and regulation has dismally failed, it is time to consider a fundamental systemic transformation that begins via a political revolution which forcibly ousts the non-elected financial and corporate elites running the state for their own exclusive interests. The entire political process, including elections, are profoundly corrupt: each level of office has its own inflated price tag. The current Presidential contest will cost \$2 to \$3 billion dollars to determine which of the servants of Wall Street will preside over the revolving door.

The Revolving Door: From Wall Street to Treasury and Return

Effectively the relation between Wall Street and Treasury has become a “revolving door”: from Wall Street to the Treasury Department to Wall Street. Private bankers take appointments in Treasury (or are recruited) to ensure that all resources and policies Wall Street needs are granted with maximum effort, with the least hindrance from citizens, workers or taxpayers. Wall Streeters in Treasury give highest priority to Wall Street survival, recovery and

expansion of profits. They block any regulations or restrictions on bonuses or a repeat of past swindles.

Wall Streeters ‘make a reputation’ in Treasury and then return to the private sector in higher positions, as senior advisers and partners. A Treasury appointment is a ladder up the Wall Street hierarchy. Treasury is a filling station to the Wall Street Limousine: ex Wall Streeters fill up the tank, check the oil and then jump in the front seat and zoom to a lucrative job and let the filling station (public) pay the bill. Approximately 774 officials (and counting) departed from Treasury between January 2009 and August 2011 (*Financial Times* of 2/6/12, p. 7). All provided lucrative “services” to their future Wall Street bosses finding it a great way to re-enter private finance at a higher more lucrative position. A report in the *Financial Times* of Feb. 6, 2012 (p. 7) entitled appropriately “Manhattan Transfer” provides typical illustrations of the Treasury-Wall Street “revolving door”.

Ron Bloom went from a junior banker at Lazard to Treasury, helping to engineer the trillion dollar bailout of Wall Street and returned to Lazard as a senior adviser. Jake Siewert went from Wall Street to becoming a top aide to Treasury Secretary Tim Geithner and then graduated to Goldman Sachs, having served to undercut any cap on Wall Street bonuses. Michael Mundaca, the most senior tax official in the Obama regime came from the Street and then went on to a highly lucrative post in Ernst and Young a corporate accounting firm, having help write down corporate taxes during his stint in “public office”.

Eric Solomon, a senior tax official in the infamous corporate tax free Bush Administration made the same switch. Jeffrey Goldstein who Obama put in charge of financial regulation and succeeded in undercutting popular demands, returned to his previous employer Hellman and Friedman with the appropriate promotion for services rendered. Stuart Levey who ran AIPAC sanctions against Iran policies out of Treasury’s so-called “anti-terrorist agency” was hired as general counsel by HSBC to defend it from investigations for money laundering (FT 2/6/12, p. 7). In this case Levey moved from promoting Israel’s ‘war aims to defending an international bank accused of laundering billions in Mexican cartel money. Levey, by the

way spent so much time pursuing Israel's 'Iran agenda that he totally ignored the Mexican drug cartels' billion dollar money laundering cross-border operations for the better part of a decade.

Lew Alexander a senior advisor to Geithner in designing the trillion dollar bail out is now a senior official in Nomura, the Japanese bank. Lee Sachs went from Treasury to Bank Alliance, (his own "lending platform"). James Millstein went from Lazard to Treasury bailed out AIG insurance run into the ground by Greenberg and then established his own private investment firm taking a cluster of well-connected Treasury officials with him. The Goldman-Sachs-Treasury "revolving door" continues today. In addition to past and current Treasury heads Paulson and Geithner, former Goldman partner Mark Patterson was recently appointed Geithner's "chief of staff". Tim Bowler former Goldman managing director was appointed by Obama to head up the capital markets division.

It should be abundantly clear that elections, parties and the billion dollar electoral campaigns have little to do with "democracy" and more to do with selecting the President and legislators who will appoint non-elected Wall Streeters to make all the strategic economic decisions for the 99% of Americans. The policy results of the Wall Street-Treasury revolving door are clear and provide us with a framework for understanding why the "profit crises" has vanished and the crises of labour has deepened.

The "Policy Achievements" of the Revolving Door

The Wall Street-Treasury conundrum (WSTC) has performed herculean and audacious labour for finance and corporate capital. In the face of universal condemnation of Wall Street by the vast majority of the public for its swindles, bankruptcies, job losses and mortgage foreclosures, the WSTC publically backed the swindlers with a trillion dollar bailout. A daring move on the face of it; that is if majorities and elections counted for anything. Equally important the WSTC dumped the entire "free market" ideology that justified capitalist profits based on its "risks", by imposing the new dogma of "too big to fail" in which the state treasury guarantees profits even

when capitalists face bankruptcy, providing they are billion dollar firms. The WSTC dumped the capitalist principle of “fiscal responsibility” in favour of hundreds of billions of dollars in tax cuts for the corporate-financial ruling class, running up record peace time budget deficits and then having the audacity to blame the social programs supported by popular majorities. (Is it any wonder these ex-Treasury officials get such lucrative offers in the private sector when they leave public office?) Thirdly, Treasury and the Central Bank (Federal Reserve) provide near zero interest loans that guarantees big profits to private financial institution which borrow low from the Fed and lend high, (including back to the Government!) especially in purchasing overseas Government and corporate bonds. They receive anywhere from four to ten times the interest rates they pay. In other words the taxpayers provide a monstrous subsidy for Wall Street speculation. With the added proviso, that today these speculative activities are now insured by the Federal government, under the “Too Big to Fail” doctrine.

Under the ideology of “regaining competitiveness” the Obama economic team (from Treasury, the Federal Reserve, Commerce, Labour) has encouraged employers to engage in the most aggressive shedding of workers in modern history. Increased productivity and profitability is not the result of “innovation” as Obama, Geithner and Bernanke claim; it is a product of a state labour policy which deepens inequality by holding down wages and raising profit margins. It entails fewer workers producing more commodities as well as cheap credit and bailouts for the billion dollar banks and no refinancing for households and small and medium size firms leading to bankruptcies, buyouts and ‘consolidation’ namely, greater concentration of ownership. As a result, the mass market stagnates but corporate and bank profits reach record levels. According to financial experts under the WSTC “new order” “bankers are a protected class who enjoy bonuses regardless of performance, while relying on the taxpayer to socialize their losses” (*Financial Times* of 1/9/12, p.5). In contrast labour, under Obama’s economic team, faces the greatest insecurity and most threatening situation in recent history: “in what is unquestionably novel is the ferocity with which US business sheds

labour now that executive pay and incentive schemes are linked to short term performance targets” (*Financial Times* of 1/9/2012, p. 5). Things cannot continue like this for ever.

Section 1: Democracy, Liberty and Solidarity

Our vision of socialism is a profoundly democratic one, rooted in the belief that individuals can only reach their full potential in a society that embodies the values of liberty, equality, and solidarity. Only through creating material and cultural bonds of solidarity across racial, gender, age, national, and class lines can true equality of opportunity be achieved.

Solidarity *Gender and sexuality.* Our conception of socialism is also deeply feminist and anti-racist. We are committed to full equality for women in all spheres of life, in a world without prescribed sex roles that channel women into subordinate positions at home and at work. We seek a world that no longer oppresses women through undervaluation of their work, lack of political representation, the inability to control their own fertility, denial of their sexuality, or violence and abuse. Gender equality requires great changes in social attitudes, in economic and social structures, and in relationships between men and women and adults and children. The socialist society we seek to create will not discriminate on the basis of sexual orientation. It will value sexuality and all sexual relationships - gay, lesbian, heterosexual - based on mutual respect and the enhancement of human dignity.

Racial/Ethnic equality. Our concept of socialism is forthrightly anti-racist and anti-ethnic chauvinisms. After many centuries, racism/ethnicism is deeply ingrained in our society’s institutions, social patterns, consciousness, and even social movements. The post independence civil rights movement broke the back of segregation and renewed the struggle against its consequences, bringing to the left in our society a new moral vision and a more developed understanding of the importance of community, institutional networks, and popular symbols in shaping a political movement. To be genuinely multiracial and multi-ethnic, a socialist movement must

respect the particular goals of all citizens and other communities. It must place a high priority on economic justice to eradicate the sources of inequality; on affirmative action and other compensatory programs to overcome ongoing discrimination and the legacy of inequality; and on social justice to change the behaviour, attitudes, and ideas that foster racism and ethnicism.

Democratic community. Democratic socialists recognize that for individuals to flourish, a society must be grounded in the moral values and institutions of a democratic community that provides quality education and job training, social services, and meaningful work for all. Leaving the provision of such common needs to the private marketplace guarantees a starkly inequalitarian class system of access to opportunity.

Democratic socialists are committed to political institutions based on one voice, one vote, and to the elimination of the pernicious and corrupting influence of corporate money from public political deliberation. Socialist democracy fosters popular participation at every level of decision-making. In an age when global communications technologies are within the reach of hundreds of millions of people, such a commitment means equal access to information, increased democratic—and not corporate—control over public policy, and decentralized, democratic institutions wherever possible in the workplaces, neighbourhoods, and schools.

Liberty

A democratic commitment to a vibrant pluralist life assumes the need for a democratic, responsive, and representative government to regulate the market, protect the environment, and ensure a basic level of equality and equity for each citizen. In the 21st century, such regulation will increasingly occur through international, multilateral action. But while a democratic state can protect individuals from domination by inordinately powerful, undemocratic transnational corporations, people develop the social bonds that render life meaningful only through cooperative, voluntary relationships. Promoting such bonds is the responsibility of socialists and the government alike.

Democratic socialism is committed both to a freedom of speech that does not recoil from dissent, and to the freedom to organize independent trade unions, women's groups, political parties, and other social movements. We are committed to a freedom of religion and conscience that acknowledges the rights of those for whom spiritual concerns are central and the rights of those who reject organized religion. Control of economic, social, and cultural life by either government or corporate elites is hostile to the vision of democratic pluralism embraced by democratic socialism. The social welfare programs of government have been for the most part positive, if partial, responses to the genuine social needs of the great majority of Americans. The dismantling of such programs by conservative and corporate elites in the absence of any alternatives will be disastrous. Abandoning schools, health care, and housing, for example, to the control of an unregulated free market magnifies the existing harsh realities of inequality and injustice.

Section 2: Democratic Control of Productive and Social Life

The Capitalist Marketplace

As democratic socialists we are committed to ensuring that any market is the servant of the public good and not its master. Liberty, equality, and solidarity will require not only democratic control over economic life, but also a progressively financed, decentralized, and quality public sector. Free markets or private charity cannot provide adequate public goods and services.

Transnational corporate domination does not result merely from the operation of a pure market, but from conscious government actions, from tax policy to deregulation, that structure the economy in the interest of corporate power. The capitalist market economy not only suppresses global living standards, but also means chronic underfunding of socially necessary public goods, from research and development to preventive health care and job training.

The market and its ideology is rife with internal contradictions. While capitalists abhor public planning as inefficient and counterproductive, transnational corporations make decisions with

tremendous social consequences, including automation, plant shutdowns and relocations, mergers and acquisitions, new investment and disinvestment--all without democratic input. They also engage in unrelenting efforts to control the market, even through illegal means such as price fixing, antitrust violations, and other collusion.

In the workplace, capitalism eschews democracy. Individual employees do not negotiate the terms of their employment except in rare circumstances, when their labour is very highly skilled. Without unions, employees are hired and fired at will. Corporations govern through hierarchical power relations more characteristic of monopolies than of free markets. Simply put, the domination of the economy by privately-owned corporation is not the most rational and equitable way to govern our economic life.

Vision of a Socialist Economy

The operation of a democratic socialist economy is the subject of continuing debate within DSA. First it must mirror democratic socialism's commitment to institutional and social pluralism. Democratic, representative control over fiscal, monetary, and trade policy would enable citizens to have a voice in setting the basic framework of economic policy--what social investment is needed, who should own or control basic industries, and how they might be governed.

While broad investment decisions and fiscal and monetary policies are best made by democratic processes, many argue that the market best coordinates supply with demand for goods, services, and labour. Regulated markets can guarantee efficiency, consumer choice and labour mobility. However, democratic socialists recognize that market mechanisms do generate inequalities of wealth and income. But, the social ownership characteristic of a socialist society will greatly limit inequality. In fact, widespread worker and public ownership will greatly lessen the corrosive effect of capitalists markets on people's lives. Social need will outrank narrow profitability as the measure of success for our economic life.

Interactions of Economy and Society

Democratic socialists are committed to the development of social movements dedicated to ending any and all forms of noneconomic domination. As activists within these movements, with a visible socialist identity, we bring an analysis of how the globalization of capital influences racism, sexism, homophobia, and environmental degradation.

Economic democracy alone cannot end the domination of some over others, but it is a prerequisite, especially given how global capital uses racial, national, and gender divisions to divide the world's work force. Yet traditional assumptions about the universal nature of the working class no longer adequately describe who will fight for a radical democracy. People identify with the fight for social justice in many ways. As socialists within the social movements, we bring a vision and politics that argues for the democratic control of transnational corporate power as a necessary, though not sufficient, condition for racial, gender, and economic justice.

Racism, sexism, xenophobia, and resentment of the poor are exacerbated by economic insecurity. Those threatened by economic restructuring and decline may view less privileged people as competitors or even enemies. For example, some have caricatured affirmative action as a system of strict racial quotas and preferences, ensuring jobs for the non qualified, rather than as a largely successful effort to open up the job market to women and people of colour excluded by existing, often prejudicial, methods of recruitment and hiring. Racism, sexism, and homophobia are not the only forms of oppression that both predate capitalism and are continually transformed by it. The persistence of anti-Semitism, for example, has no single explanation. Discrimination based on age is prevalent and affects both young and old. Discrimination occurs in a myriad of forms, and a socialist society must eradicate all of them.

Ending environmental degradation and building a sustainable world—meeting today's needs without jeopardizing future generations—require new ways of thinking about socialism as well. The depletion of non-renewable resources and the pollution of our

air and water argue both for regulatory protection and reforming market incentives in order to reverse corporate and individual behaviour. The victims of pollution are most often people of colour and lower income communities. Environmental protection and environmental justice must be part of a democratic socialist agenda.

Social movements have helped democratic socialists to shape a broader perspective of socialism -one that recognizes that economic change is a necessary, but not sufficient condition for justice. They have guided us toward a deeper pluralist vision of socialism as the humanizing of relationships between men and women, between whites and people of colour, and between all of us and the environment.

Section 3: The Global Economy, Global Politics and the State

The last decade has witnessed massive shifts in global politics and the global economy. These changes have shaped and been shaped by technological change, a new awareness of humanity's connection to our environment, an increasing recognition of intersection between economics, environment and gender equality, changes in the role of the state and of capital, and much more. Yet the outcome--increasing accumulation of wealth and power in the hands of a few, despoliation of the environment, and individual isolation and alienation, or enhanced quality of life, sustainable development and strengthened communities - remains to be seen.

Global Economy

In the emerging global capitalist economy the controlling economic institutions - the transnational corporations - have integrated financing, production, distribution and consumption on a vast scale. They now have the capacity to function as "stateless" institutions, relatively independent of any particular national economy.

National governments, even in Western Europe and North America, have ever more difficulty controlling capital, currency flows, and investment while defending the living standards of working

people. The result is that the majority of wage and income earners in the advanced capitalist nations are now experiencing a long-term levelling down of wages and living conditions tantamount to a gradual impoverishment of this vast working class. The extent of impoverishment is in dispute, but many economists now believe that only one-fifth of the population is rising in affluence, while the rest are suffering a gradual or abrupt erosion of their living standards. Through globalization, capital eludes governmental regulation. The movement of capital across borders, unlike the movement of labour, is all but unrestricted. Indeed, under the World Trade Organization and the North American Free Trade Agreement, laws protecting the rights of workers can be deemed a barrier to free trade.

Global Environment

Transnational corporations avoid environmental regulations as well as worker protections. The maquiladoras, or tax-free production zones on the US-Mexican border, are prime examples. Border communities in both countries are feeling the effects of corporate pollution by companies that left the US for Mexico where environmental enforcement is weaker. As with labour rights, NAFTA and the World Trade Organization can restrict enforcement of a nation's environmental laws if they are ruled a barrier to free trade. So as transnational corporations raid the resources of less developed countries and pollute the environment of the North and the South, no international agency has the authority to protect the earth.

Trade is only one aspect of the global economy. Development fostered by the World Bank and the International Monetary Fund has encouraged strategies modelled on the North—resource- and capital-intensive—with little regard for indigenous communities or environments. The end result has too often been enrichment of a wealthy few and increased poverty and environmental hazards for many. Emphasis on industrial agriculture and cash crops has, for example, resulted in the destruction of rain forests and in desertification in some regions. International development efforts usually ignore indigenous small scale farming and community development as non-productive because they fail to generate large

amounts of cash, even as they improve living standards. Since such activity is usually the province of women, its displacement has also led to a decline in women's position. Today advocates of sustainable and just development recognize the important connection of environmental protection, eradication of poverty and gender equity.

Global Politics

U.S. dominance of the global economy is buttressed by its political power and military might. Indeed, the United States is engaged in a long-term policy of imperial overreach in a period in which global instability will probably increase. Elements of this instability include national, ethnic and religious conflicts; economic decline and stagnation of subordinate capitalist nations; trade rivalries among advanced capitalist nations; and environmental degradation imperilling the quality of life.

Fifty years of world leadership have taken their toll on the U.S. The links among heavy military spending, fiscal imbalance, and a weakening economy are too clear to ignore. Domestically, the United States faces social and structural economic problems of a magnitude unknown to other advanced capitalist states. The resources needed to sustain U.S. dominance are a drain on the national economy, particularly the most neglected and underdeveloped sectors. Nowhere is a struggle against militarism more pressing than in the United States, where the military budget bleeds the public sector of much needed funds for social programs.

No country, even a superpower like the United States, can guarantee peace and stability, never mind justice. Only a genuinely multinational armed force can intervene in violent conflicts to enforce generally accepted standards of human rights and democratic practices. Such peacekeeping is one important function that must be strengthened within a new global governance. Enforcement of international standards is another. Treaties on human rights, international labour standards, women's rights, environmental protection have all been ratified by many nations (albeit generally not by the US). Enforcement remains problematic. New international regulatory bodies must ensure that the interests of all the world's

people are protected with the power to tax transnational corporations that can now escape national taxes.

Section 4: A Strategy for the Next Left

Socialists have historically supported public ownership and control of the major economic institutions of society—the large corporations—in order to eliminate the injustice and inequality of a class-based society, and have depended on the organization of a working class party to gain state power to achieve such ends. In the United States, socialists joined with others on the Left to build a broad-based, anti-corporate coalition, with the unions at the centre, to address the needs of the majority by opposing the excesses of private enterprise. Many socialists have seen the Democratic Party, since at least the New Deal, as the key political arena in which to consolidate this coalition, because the Democratic Party held the allegiance of our natural allies. Through control of the government by the Democratic Party coalition, led by anti-corporate forces, a progressive program regulating the corporations, redistributing income, fostering economic growth and expanding social programs could be realized.

With the end of the post-World War II economic boom and the rise of global economic competitors in East Asia and Europe in the 1970s came the demise of the brief majoritarian moment of this progressive coalition that promised—but did not deliver—economic and social justice for all. A vicious corporate assault on the trade union movement and a right-wing racist, populist appeal to downwardly mobile, disgruntled white blue-collar workers contributed to the disintegration of the liberal wing of the Democratic Party in the 1970s and 1980s.

Today, the mildly redistributive welfare state liberalism of the 1960s, which accepted the corporate dominance of economic decision-making, can no longer be the programmatic basis for a majoritarian progressive politics. New Deal and Great Society liberalism depended upon redistribution at the margins of an ever-expanding economic pie. But today corporations no longer aspire to

expand production and consumption by raising global living standards; rather, global capital engages in a race to increase profits by “downsizing” and lowering wages.

With the collapse of the political economy of corporate liberalism came the atrophy of the very institutions upon which the progressive politics of the New Deal and Great Society had been constructed. No longer do the social bases for a majoritarian democratic politics—strong trade unions, social movements and urban, Democratic political machines—simply await mobilization by a proper electoral appeal. Rather, a next left must be built from the grassroots up.

Given the globalization of economic power, such grassroots movements will increasingly focus upon building a countervailing power to that of the transnational corporations. A number of positive signs of this democratic and grassroots realignment have emerged. New labour leadership has pledged to organize a workforce increasingly constituted by women, people of colour, and immigrant workers. Inner-city grassroots community organizations are placing reinvestment, job creation, and economic democracy at the heart of their organizing. The women’s movement increasingly argues that only by restructuring work and child care can true gender equality be realized. And the fight for national health care—a modest reform long provided by all other industrial democracies -- united a broad coalition of activists and constituencies. But such movements cannot be solely national in scope. Rather, today’s social movements must be as global as the corporate power they confront; they must cooperate across national boundaries and promote interstate democratic regulation of transnational capital.

If socialism cannot be achieved primarily from above, through a democratic government that owns, control and regulates the major corporations, then it must emerge from below, through a democratic transformation of the institutions of civil society, particularly those in the economic sphere—in other words, a program for economic democracy. As inequalities of wealth and income increase and the wages and living standards of most are either stagnant or falling, social needs expand. Only a revitalized public sector can universally and democratically meet those needs.

Economic Democracy . Economic democracy can empower wage and income earners through building cooperative and public institutions that own and control local economic resources. Economic democracy means, in the most general terms, the direct ownership and/or control of much of the economic resources of society by the great majority of wage and income earners. Such a transformation of work life directly embodies and presages the practices and principles of a socialist society.

Alternative economic institutions, such as cooperatives and consumer, community, and worker-owned facilities are central to economic democracy. Equally important is the assertion of democratic control over private resources such as insurance and credit, making them available for socially responsible investment as well as over land, raw materials, and manufacturing infrastructure. Such democratic control must also encompass existing financial institutions, whose funds can be used to invest in places abandoned or bypassed by transnational capital, such as urban and rural areas, and in sectors of the population that have been historically denied control and ownership of significant economic resources. Such a program will recognize the economic value of childrearing and home care by family members as unpaid labour, and account for this work in all considerations of benefits.

The key to economic democracy is a democratic labour movement that plays a central role in the struggle for a democratic workplace, whether worker or privately owned. In workplaces that the employees do not own—traditional corporations, family businesses, government, and private nonprofits—only independent, democratically run unions can protect workers. The importance of economic democracy extends beyond the ownership and control of economic resources. It is the only way to fulfil the democratic aspirations of the vast majority of Americans. The democratic ideal today has been drastically narrowed in scope and substance to reduce its threat to established power and privilege. The current assault on the welfare state led by corporate and conservative elites is also an attack on political democracy. Democratic socialists must reinvest democracy with its political and economic content to give full voice

to popular democratic aspirations. Finally, economic democracy is also the only way to mediate and overcome divisions based upon race, gender, religion, and ethnicity that undercut universal social justice.

Global Justice. A program of global justice can unite opponents of transnational corporations across national boundaries around a common program to transform existing international institutions and invent new global organizations designed to ensure that wages, working conditions, environmental standards and social rights are “levelled up” worldwide. The basis of cooperation for fighting the transnationals must be forged across borders from its inception. Economic nationalism and other forms of chauvinism will doom any expanded anti-corporate agenda.

The international financial institutions serving the interests of transnational capital are important arenas of struggle for a global social and environmental agenda. Elements of this agenda include efforts to advance social charters in free trade agreements; to propose alternative investment strategies for the World Bank and the International Monetary Fund; to strengthen the enforcement of existing treaties on the environment, labour standards, social policies etc.; and to promote international standards that put social justice before corporate profit. Stronger international ties among trade unions and joint actions across borders in defence of wage standards, working conditions and social rights are critical.

Social Redistribution. Social redistribution--the shift of wealth and resources from the rich to the rest of society--will require:

1. massive redistribution of income from corporations and the wealthy to wage earners and the poor and the public sector, in order to provide the main source of new funds for social programs, income maintenance and infrastructure rehabilitation, and
2. a massive shift of public resources from the military (the main user of existing discretionary funds) to civilian uses.

Although such reforms will be very difficult to achieve on a national scale in the short term, their urgency increases as income inequality intensifies. Over time, income redistribution and social programs will be critical not only to the poor but to the great

majority of working people. The defence and expansion of government programs that promote social justice, equal education for all children, universal health care, environmental protection and guaranteed minimum income and social well-being is critical for the next Left.

At the same time, the military Keynesianism that has dominated federal expenditures, constricting the capacity of governments at all levels to respond adequately to social needs, must end. Much of the current distortion in government spending and taxation has its roots in the massive military and national security build-up in the 1980s, combined with the massive tax cuts for the wealthy. The great run-up in national debt is due directly to military-led deficit financing. Reduced military expenditures and more equitable taxation represent the only sources of funds on the scale needed to provide the social programs required to ameliorate declining living standards. Together, economic democracy, global justice, and social redistribution are the linchpins of a broad-based anti-corporate left, that is international in character and local in its reliance on popular control of economic resources and decision-making.

Section 5: The Role of Electoral Politics

Democratic socialists reject an either-or approach to electoral coalition building, focused solely on a new party or on realignment within the Democratic Party. The growth of PAC-driven, candidate-based, entrepreneurial politics in the last 25 years leaves little hope for an immediate, principled electoral response to the rightward, pro-corporate drift in American politics. The fundamental task of democratic socialists is to build anti-corporate social movements capable of winning reforms that empower people. Since such social movements seek to influence state policy, they will intervene in electoral politics, whether through Democratic primaries, non-partisan local elections, or third party efforts. Our electoral work aims at building majoritarian coalitions capable of not only electing public officials on the anti-corporate program of these movements, but also of holding officials accountable after they are elected.

The U.S. electoral system makes third parties difficult to build at both the national and state level. Winner take-all districts; the absence of proportional representation; open primaries; executive-run governments that make coalition governments impossible; state legislative control over ballot access and election laws all combine to impede third parties. Much of progressive, independent political action will continue to occur in Democratic Party primaries in support of candidates who represent a broad progressive coalition. In such instances, democratic socialists will support coalitional campaigns based on labour, women, people of colour and other potentially anti-corporate elements.

Electoral tactics are only a means for democratic socialists; the building of a powerful anti-corporate coalition is the end. Where third party or non-partisan candidates mobilize such coalitions, democratic socialists will build such organizations and candidacies. However, to democratize U.S. electoral politics - whatever its party form -requires serious campaign finance reform both within and without the Democratic Party.

Section 6: The Role of Democratic Socialists

Any differences are due to changing conditions, and not changing principles. The continuities are unmistakable. The same spirit animates both documents. In fact, the most important difference between the documents is neither strategy nor program, mission nor vision, but rather expectation. The founding document called for carrying out a strategy and program that were already the mainstays of mass liberalism, but moving this broad liberal coalition considerably to the left. DSA's new document points in another direction, toward the founding of a new progressive movement...a next Left. That is because the political momentum of mass liberalism is depleted. If we once positioned ourselves as the left wing of the possible, there is now no "possible" to be the left wing of. Of course, considerable opposition has arisen in response to the program of the conservative and corporate elites. But, that opposition confronts a profound crisis of leadership, particularly at the national level.

Increasingly, many of our fellow citizens recognize that the American dream is becoming a chimera. We as democratic socialists believe that it can be made real. No laws of nature or “free markets” dictate that we must destroy our environment, worsen global inequality, squander funds on useless deadly weapons, and continue to relegate women and people of colour to second-class citizenship. But if the American dream is indeed ever more elusive, we seek much more than to simply revive it as an aspiration. For in one respect the right-wing would-be prophets are correct: The success of global capitalism demands that traditional democratic standards of justice, equality, and decency be undermined. For the simple dream of a comfortable standard of living, of community, and of equity to be realized, radical political, economic, and social changes in the established order are required.

The belief is widespread that we stand at the beginning of a new political era—that the Left must create a new vision and a new mission rooted in a new sense of purpose. Democratic socialists have an historic opportunity and responsibility to play a central role in the founding of a next Left, and DSA is prepared to meet this challenge. We invite you to join us in this effort worthy of a lifetime of commitment. **AND, THE TIME IS NOW!**

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Since the end of World War II, global capitalism, spearheaded by US financial interests and backed by the most lethal military force that has ever been assembled, has consolidated its power over the world economy. In the past decades, especially, transnational corporations have tightened their control over national governments and international institutions. The imposition of free trade policies and the increasing privatization of social services have facilitated the accumulation of fabulous wealth for the owners of capital at the expense of working people and the environment worldwide. Contemporary capitalism now dominates every major sector of the world economy. The social and environmental costs of contemporary capitalism are prohibitive. The global megatrends of rising inequality and absolute poverty, political instability, and global climate change—all compounded and accelerated by this predatory mode of production—are adversely affecting the lives and threatening the future of every inhabitant of nations and the entire world. In view of these megatrends and the current global economic crisis, the conclusion that contemporary capitalism does not serve the interests of the vast majority of the people on the planet and is both economically and environmentally unsustainable, is self-evident. History offers harsh lessons. The political violence of the 20th century, which resulted in an estimated 200 million deaths and untold economic and environmental destruction, cautions us to work for socialism in the 21st century with every means at our disposal except violence. Facing the awful power and willingness of capitalism to coerce and corrupt, we must find ways to make soft power prevail. Clearly, a revolution is in order—it is time to place the socialist alternative on the national and world agenda.

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